The Economist

NOVEMBER 5, 1960

FOUNDED 1843

One Shilling and Sixpence

America's Choice

pages 545 to 556

Hanging Separately?

Labour's Vote page 527

Unanimosity After Beirut?

Oil and Arabs page 573

The Economist · 22 Ryder Street · St. James's · London · S W 1

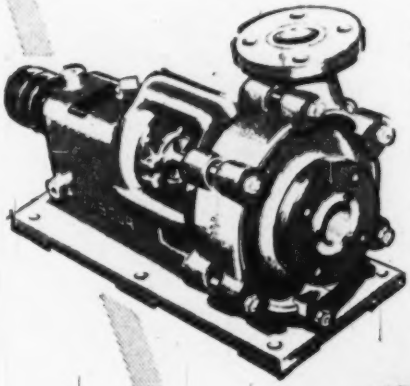
" Whatever has happened now? I don't remember climbing a tree."
" *Too much cheese at the party. We're dreaming of the future.*"
" The future, eh? Pretty impressive, isn't it?"
" *It will need an awful lot of building.*"
" Don't worry about that. People like Mitchell Construction undertake contracts of any size."

MITCHELL CONSTRUCTION

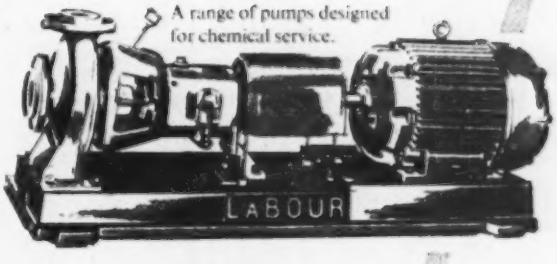
BUILDING & CIVIL ENGINEERING CONTRACTORS
THE MITCHELL CONSTRUCTION COMPANY LTD
WHARF WORKS · PETERBOROUGH

P.4018

SECOND CLASS POSTAGE FOR *THE ECONOMIST* PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England.

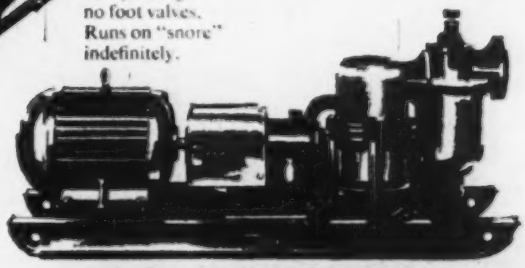


A rubber lined pump for handling hydrochloric acid, ferric chloride solutions, etc.



A range of pumps designed for chemical service.

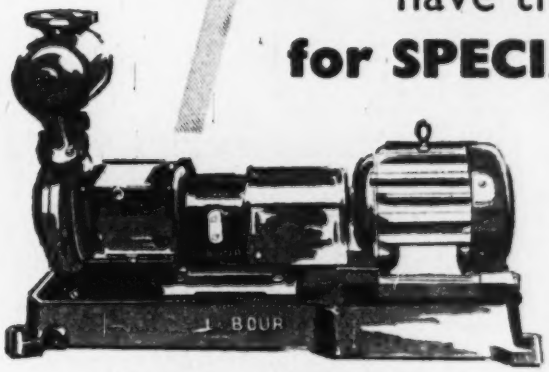
Specifically developed for mines. Operates in confined spaces. Self-priming, no foot valves. Runs on "snore" indefinitely.



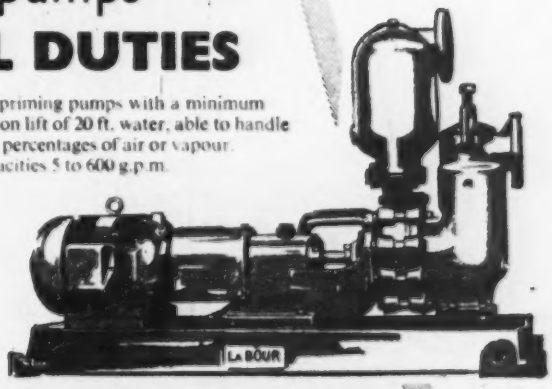
LABOUR

have the pumps

for SPECIAL DUTIES

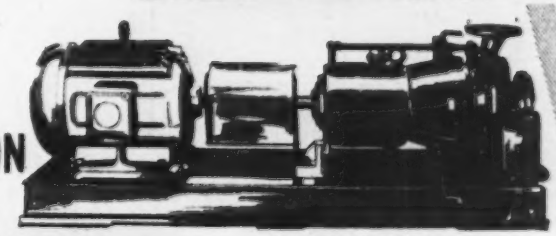


Self-priming pumps with a minimum suction lift of 20 ft. water, able to handle high percentages of air or vapour. Capacities 5 to 600 g.p.m.



For vacuum extraction duties and use with filters, condenser installations, etc. Will extract liquor from vessels under a 28 inch vacuum.

NO CORROSION



Process pumps for handling hot liquids. Heads up to 300 ft., capacities up to 1000 g.p.m.

LABOUR

BRITISH LABOUR PUMP CO LTD

BLUNDELL ST LONDON N7 *Tel: North 6601-5 Grams: Labourpump London*

WHY YOU SHOULD TAKE A HOLIDAY NOW

"Holidays are essential for the maintenance of good health and as a good business proposition they should not be given grudgingly . . . My own impression . . . is that those with the greatest responsibility require short holidays at fairly frequent intervals . . ."

(Medical adviser to well-known industrial company, speaking at a conference last year on "The Health of Business Executives.")

THERE'S MORE THAN ONE REASON for taking a holiday between October and March. Hotels are usually cheaper. You miss tourist crowds, enjoy special service, quieter relaxation. And places in the sun are jet-close by BEA.

FREE—WONDERFUL NEW BOOK "BEA HOLIDAYS NOW, OCTOBER 1960 - MARCH 1961" is full of colourful ideas plus down-to-earth facts and figures! Get it from travel agents, BEA offices, or write to BEA, Dept. EC4, Dorland House, Lower Regent Street, London, S.W.1. Tel. GER 9833.

BEA OFFICES. LONDON: *Dorland House, Lower Regent Street, S.W.1. West London Air Terminal, Cromwell Road, S.W.7: 102 Cheapside, E.C.2: Terminal House, Grosvenor Gardens, S.W.1.* • MANCHESTER: *Air Terminus, Royal Exchange.* • BIRMINGHAM: *Air Terminal, Civic Centre.* • GLASGOW: *122 St. Vincent Street.* • EDINBURGH: *133 George Street.* • BELFAST: *Commonwealth House, Castle Street.*

BEA

Fly now - it's the best time of the year

Have you met HAWKES?

. . . influential Hawkes of No. 1 Savile Row? He can do much for a man in your walk of life. A tailor with a taste for the impeccable . . . a gift for turning out the right clothes for the right occasion. Yes, meet Hawkes and dress the way you should. Hawkes are noted for their fair prices—they offer complete ranges of bespoke or ready-to-wear tailoring to suit every pocket (prices range from £24.10.0 for an immediate wear lounge suit). Write for illustrated catalogue and booklet dealing with newly devised 'subscription accounts'. Agents for Chester Barrie clothes.

Hawkes of Savile Row

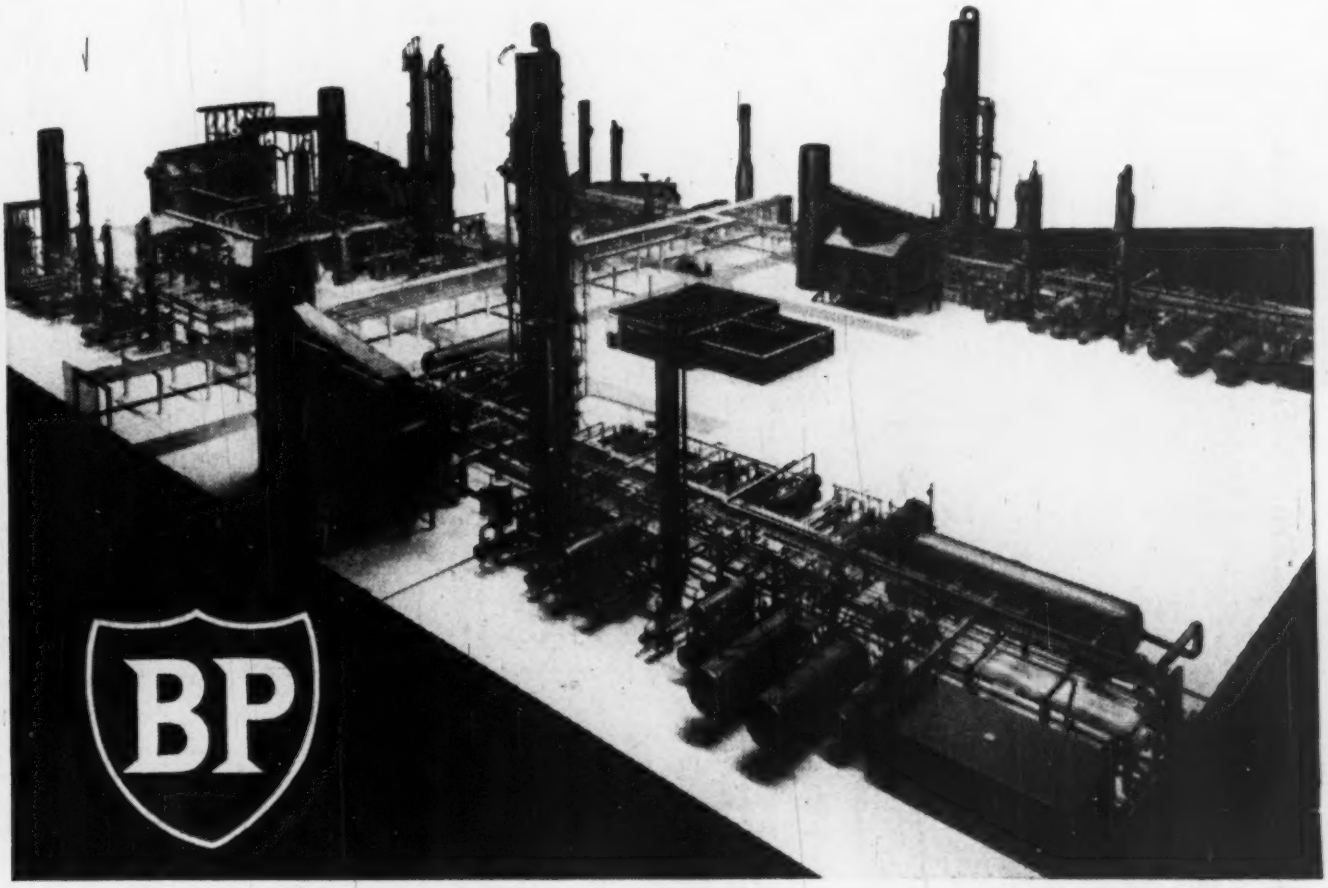
Established 1771

1 Savile Row, W.1. Tel: REGent 0186 and at 12a London Road, Camberley. Tel Camberley 829

Open Saturdays 9 a.m.—1 p.m.

A 3-D DESIGN FOR A 100,000 B.P.S.D REFINERY

(Barrel Per Stream Day)



For an increasing number of Kellogg clients in the chemical and petroleum refining industries, scale models are proving a many-sided solution to the economics of engineering and constructing new production facilities. This is especially true in regard to piping—a major investment in any process plant.

Built by Kellogg's designers, these three-dimensional blueprints largely eliminate planning studies and piping key plans, improve designs, facilitate approval, promote faster construction and reduce operating costs. They supplement conventional drawings of overall layout and piping. The models themselves are also used on the job site to save time in explaining construction details to workers and for use in training operators to run the plant.

Built at Kellogg House, the model shown above is now at Dinslaken, Germany, where it is being used by the BP Benzin und Petroleum A.G. to explain constructional details to their labour forces. It will also be used in the operator-training programme.

Kellogg engineers will welcome the opportunity to explain how the Kellogg 3-D model technique can be of assistance to you in planning and engineering new plant.

M KELLOGG W

Kellogg International Corporation

KELLOGG HOUSE · 7-10 CHANDOS STREET · CAVENDISH SQUARE · LONDON W.1.

SOCIETE KELLOGG · PARIS · THE CANADIAN KELLOGG COMPANY LTD · TORONTO
KELLOGG PAN AMERICAN CORPORATION · BUENOS AIRES · COMPANHIA KELLOGG BRASILEIRA · RIO DE JANEIRO · COMPANIA KELLOGG DE VENEZUELA · CARACAS

Subsidiaries of THE M. W. KELLOGG COMPANY NEW YORK

CARAVELLE

The finest medium-range jetliner the world over

Profit maker even on low density routes

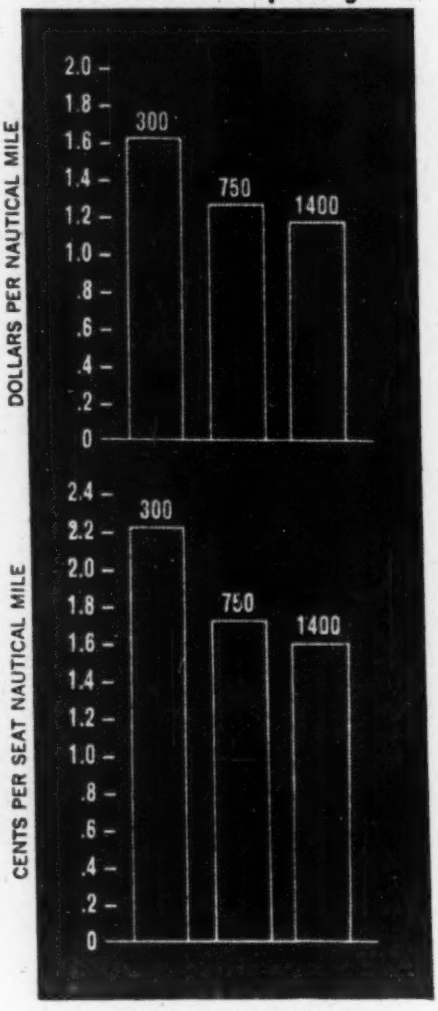
Caravelle can make profits with one-third fewer passengers than any other jet at 500 nautical miles. And whether the route is short or medium range, if the passenger potential is low, Caravelle's profit-making potential is outstanding.

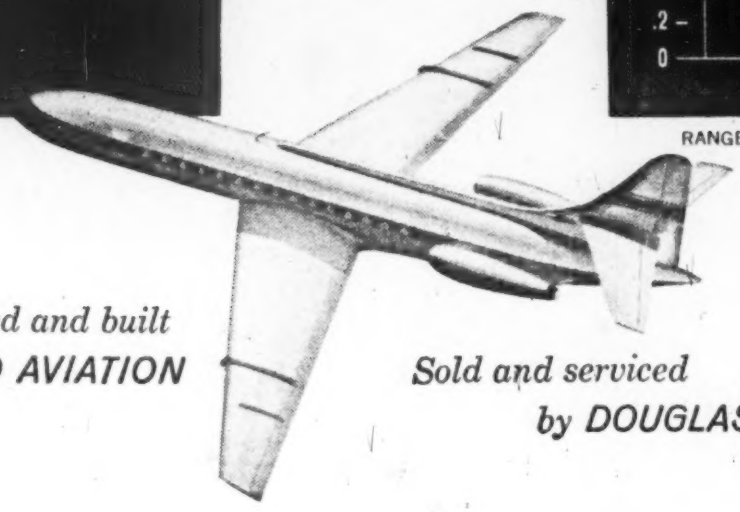
These economy factors are illustrated in the charts on the right, which are based on ATA cost formulae.

Caravelle's additional advantage is that it can get in and out of airports that serve low traffic areas. It has the shortest runway requirements of any jetliner.

Caravelle has established an outstanding reputation in regularly scheduled airline service in Europe. It will begin service in the United States in 1961.

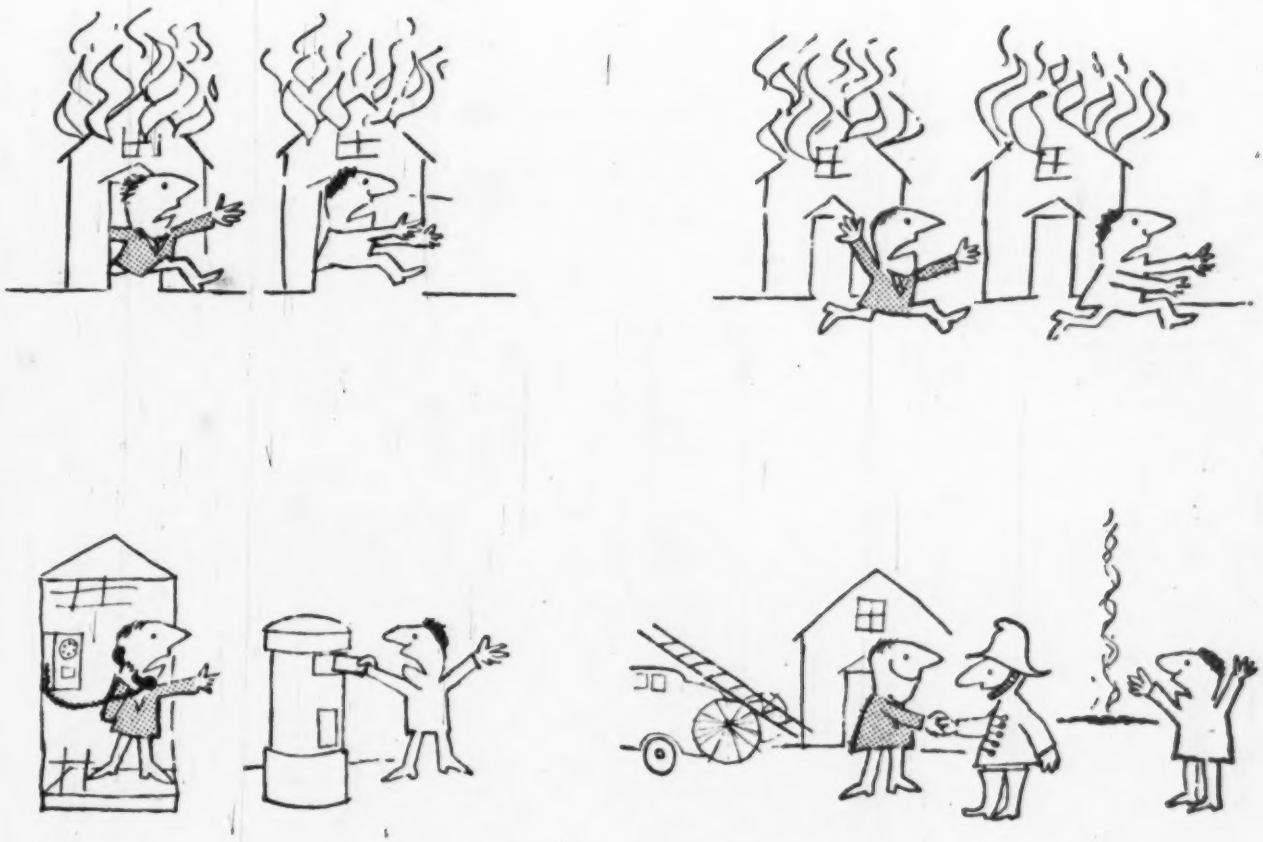
Caravelle VI R Direct Operating Cost





Designed and built by SUD AVIATION

Sold and serviced by DOUGLAS AIRCRAFT



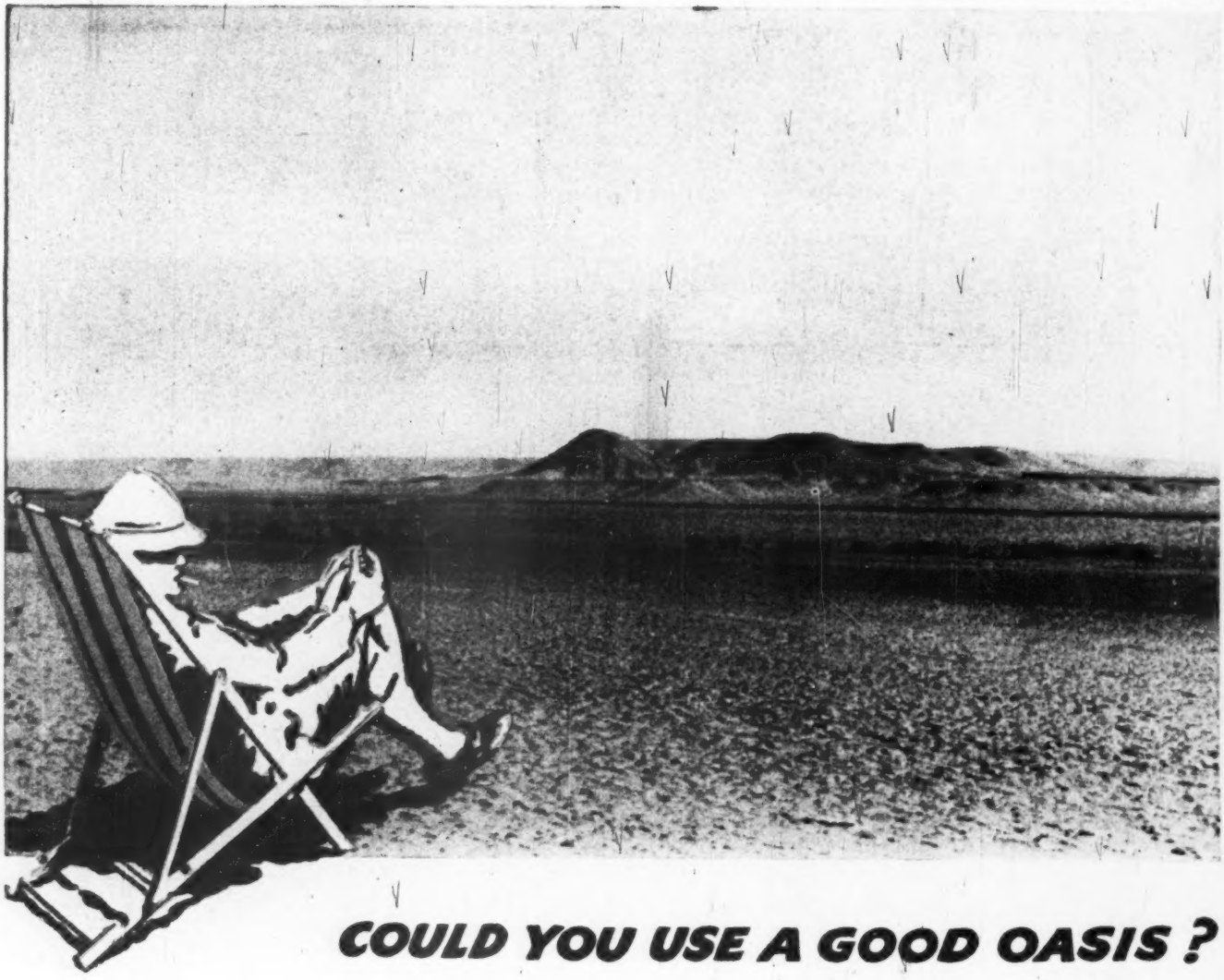
We believe in the power of the right media

To communicate with a broad or a selected audience is not the only power of media. Given the same message, one medium will compel immediate action while an outwardly similar contemporary gets results over a long period. Certain media impart their own authority to the advertisements they carry; others give the same copy a homely, down-to-earth atmosphere.
All these considerations—and many more—enrich and clarify the Stowe & Bowden conception of the power of the right media.

Stowe & Bowden
LIMITED

Advertising

LONDON: *19, Cursitor Street E.C.4.* MANCHESTER: *105, Princess Street* NEWCASTLE-UPON-TYNE: *Claremont Road*
IN AMERICA: *Stowe Bowden de Garmo Inc., New York*



COULD YOU USE A GOOD OASIS ?

say a mechanical one — largely automatic?

Perhaps economically associated with a power station?

There are many communities in the Middle East, the West Indies and other torrid climates where the natural shortage of fresh water has been overcome by the installation of Weir Sea Water Evaporation & Distillation Plant. Provided the sea is at hand and fuel is available, "Weirwater" plant will produce pure fresh water in unlimited quantities. By using low-cost steam from an electricity generating station fresh water can be produced as a by-product

WEIRWATER PLANT

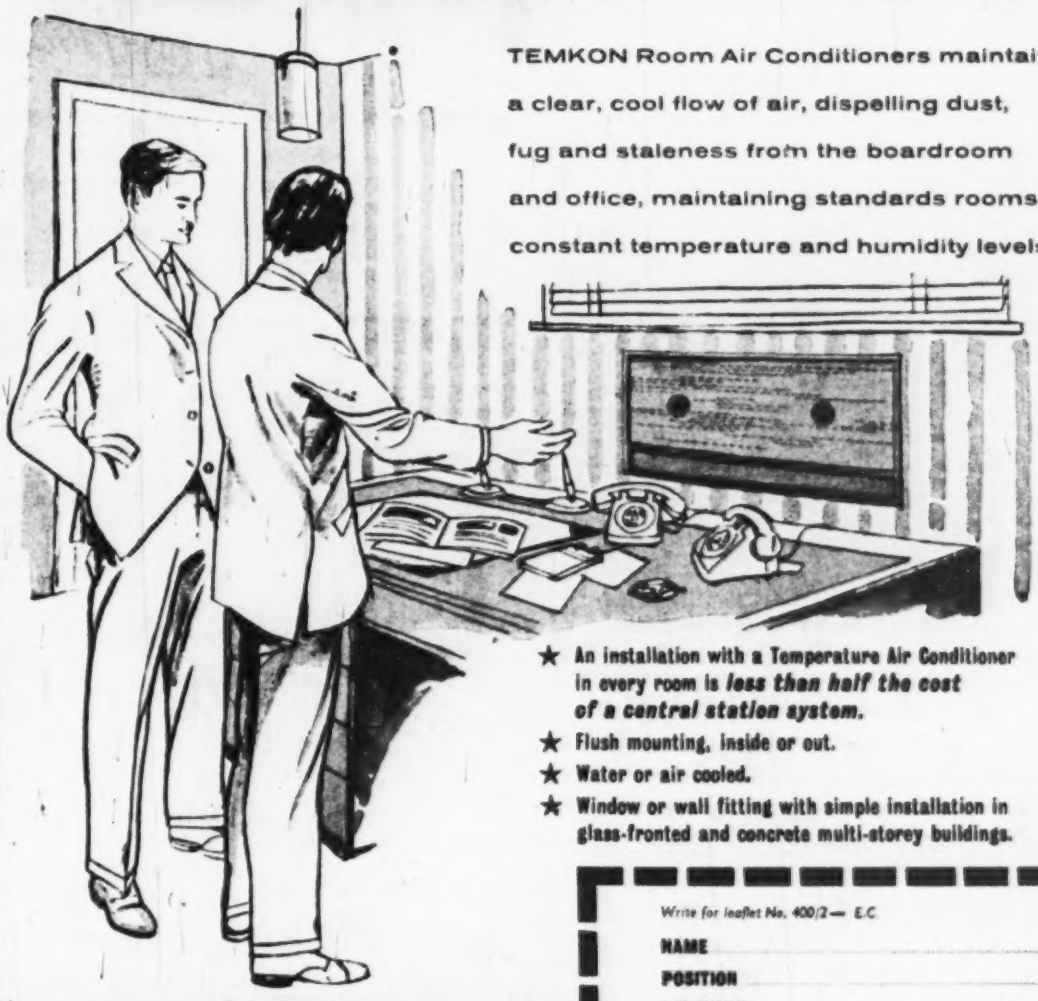
is producing over 10½ million gallons a day of fresh water, nearly 70% of the world's total output, in KUWAIT · ARUBA · CURAÇAO ADEN · BAHAMAS · LOBITOS · ANDAMAN ISLANDS · GIBRALTAR · EGYPT and in the Temperate Zone at GUERNSEY.

Weir G. & J. WEIR LTD., · Cathcart · Glasgow, S.4

The Weir Group
G. & J. WEIR LTD · DRYSDALE & CO. LTD. · WEIR HOUSING CORP. LTD. · ZWICKY LTD · WEIR VALVES LTD. · SIMONS-LOBNITZ LTD.
WEIR, DRYSDALE SERVICE (LONDON) LTD.

clear, cool, air at constant temperature and humidity levels

TEMKON ROOM AIR CONDITIONERS



TEMKON Room Air Conditioners maintain a clear, cool flow of air, dispelling dust, fug and staleness from the boardroom and office, maintaining standards rooms at constant temperature and humidity levels.

★ An installation with a Temperature Air Conditioner in every room is ***less than half the cost of a central station system.***

★ Flush mounting, inside or out.

★ Water or air cooled.

★ Window or wall fitting with simple installation in glass-fronted and concrete multi-storey buildings.

TEMPERATURE LIMITED

ROOM AIR CONDITIONERS

Make life fit for living!

Write for leaflet No. 400/2— E.C

NAME .....

POSITION .....

COMPANY .....

ADDRESS .....

TEMPERATURE LTD

BURLINGTON ROAD FULHAM LONDON SW6 ENGLAND

Phone: RENOWN 5813 (P.B.X.) Cables: TEMTUR LONDON

Largest producer of packaged air cooling plants outside the U.S.A.

P 3874

In France
as well as in
the U.S.A. . . .

papermakers use
and like

RIEGEL

CHLORINE DIOXIDE BLEACHED

PULPS

ALBACEL
Bleached Softwood

ASTRACEL
Bleached Hardwood

Throughout the free world, papermakers use and like Riegel Pulps . . . paper-grade pulps that provide the right balance of all important qualities . . . brightness, cleanliness, strength, formability and proper beating characteristics.

BALANCED PAPER-GRADE PULPS . . .
Created *BY* Papermakers *FOR* Papermakers

RIEGEL PAPER CORPORATION 260 Madison Ave. New York 16, N.Y. U.S.A.

RIEGEL FOLDCOTE

Manufactured in bleached boards made with Riegel Albacel and Astracel pulps . . . combinations with greater strength and lower cost. Appeal. Export inquiries invited.

SPRINGBOK JET

NEW SPEED AND COMFORT SERVICE TO

SOUTH AFRICA

BY BOEING **707** AIRCRAFT

Four departures every week from London to Johannesburg.

JOHANNESBURG—AUSTRALIA

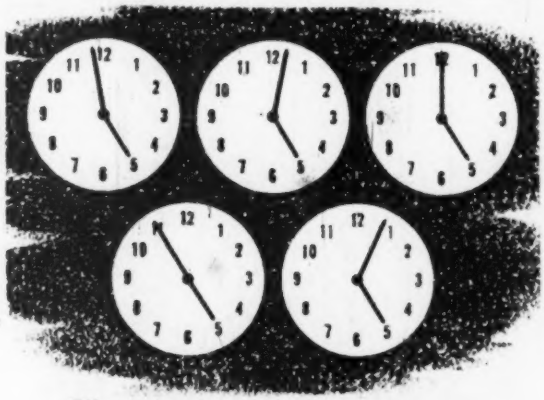
Passengers may continue their journey to Australia via Mauritius and the Cocos Islands by S.A.A.'s DC7B aircraft for little more than the direct London-Australia fare.

SOUTH AFRICAN AIRWAYS

(In association with B.O.A.C., C.A.A. and Qantas)

FOR RESERVATIONS RING VICTORIA 2323

South Africa House, Trafalgar Square, London, WC2. Tel. WHitehall 4488



How not to stagger working hours

Human nature being what it is, disproportionate effects are often produced by minor irritations and departmental time-keeping, as depicted above, would almost certainly play havoc with harmonious staff relations.

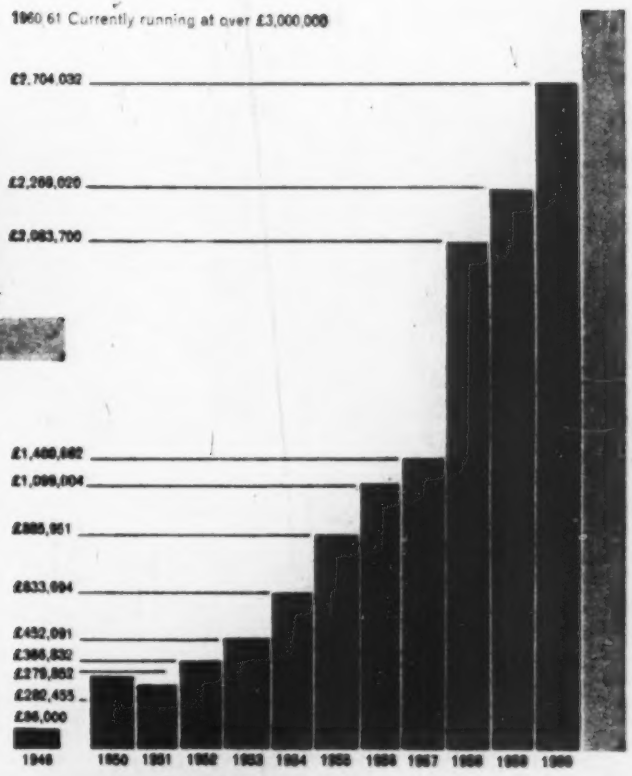
Fortunately, uniformity of time is easily attained. The Blick Master Control System ensures unified control of all Visual, Audible and Recorded time throughout your premises, accuracy being maintained independent of mains supply or frequency variation.

Technical details and descriptive leaflets readily available on request.

BLICK

BLICK TIME RECORDERS LTD.
96/100 Aldersgate Street, London, E.C.1.
MONarch 6256.

progress of an ADVERTISING AGENCY



A reliable yardstick for measuring the worth of a good advertising agency, is the record of its own growth. In Peacocks, we feel that we can show an encouraging picture. After the war, at the beginning of 1946, the Agency turnover was £86,000 per annum in one small office. Today, the Agency is currently operating at over £3,000,000 per annum, with offices in all parts of the country providing advertisers with first class on-the-spot service. Much of this expansion has taken place since 1950, as the chart above shows.

How has our growth come about? Partly from growing with our clients, partly from the new clients who have come to us over the years. There are those among our clients whose record of growth has been remarkable and we feel justified in believing that we have made a worthwhile contribution to their success. Some from very small beginnings now rank among our larger accounts spending well in excess of £100,000 per annum, but the main backbone of our business consists in a large number of clients spending sums between £5,000 and £50,000 per annum. The present size of our Agency enables us to employ a number of specialists—in marketing, research, etc.—whose services are available to all our clients.

The basic thinking in the Peacock Agency is that advertising is a means of selling. We think in terms of making our clients' advertising pay—and to this end all our creative thinking is subjected, but within the terms of reference of producing sound selling ideas, we are not afraid of proposing advertising away from the orthodox.

Marketing

BRUNNINGS MARKETING SERVICES LTD.—specialising in market investigations in the U.K. and throughout the world, have conducted market surveys for all kinds of industrial concerns, engineering, automotive, chemicals, consumer products, building materials, mechanical handling, etc.
A second function of B.M.S. Ltd. is the provision of economic intelligence and marketing information from all over the world, with details of market potential, competition, price structures, trade terms and local procedures. In conjunction with Brunnings Marketing Services Ltd., Consumer Research Ltd. maintain an extensively trained field investigation staff throughout the U.K. for consumer product research and product distribution checks.

Salesmen for Hire

COMMANDO SALES LIMITED—provide trained salesmen to companies who require them for temporary periods for special selling operations. They have sold bird seed, pet foods, cake mixes, chickens, mattresses, and a variety of grocery and chemists' products, helping manufacturers both to extend their distribution and to launch new products. There are frequent occasions when manufacturers need to supplement their own sales forces in order to make a large number of retail calls. Commando Sales can supply the men.

House-to-House Distribution

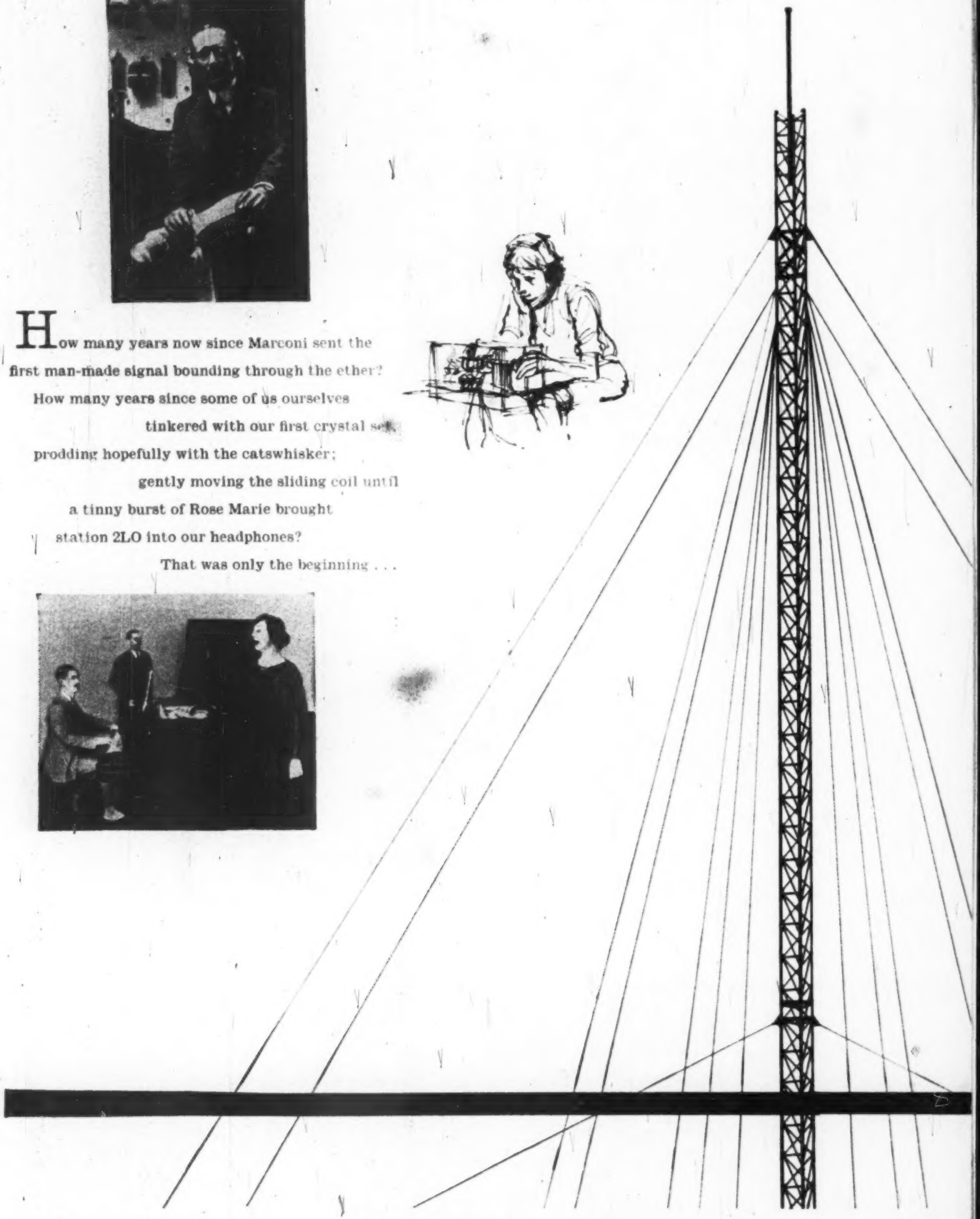
CIRCULAR DISTRIBUTORS LIMITED—there is no more effective form of advertising than direct contact with the household through the distribution of samples, coupons or literature. The largest organisation in the world solely engaged in this activity is Circular Distributors Ltd. It employs some 10,000 field staff and can make direct contact with over 13,000,000 households in every town in Britain once every fortnight. There are few famous manufacturers of nationally advertised consumer products who do not use its services. The company also controls similar organisations in France and Italy.
The clients of these various companies include almost every large well-known company in Britain. Our client list reads something like a 'Blue Chip' investment portfolio. The aggregate turnover of the group is approaching £5,000,000 per annum.

THE BRUNNING GROUP OF COMPANIES *includes*

Advertising Agencies: **H. G. PEACOCK LIMITED** of **LONDON**: Lincoln House, 296-302 High Holborn, W.C.1. Telephone: CHAncery 2605. **LIVERPOOL**: 21 Leigh Street, Royal 6951. **BIRMINGHAM**: 29 Harborne Road, Edgbaston 5941. **MANCHESTER**: 18 Lloyd Street, Deansgate 5691. **READING**: 9 Kings Road, Reading 51125. **N. IRELAND**: 33 Howard Street, Belfast 1, Belfast 23418/9. **SCOTLAND**: Ellis Lloyd Advertising Ltd., 67 West Regent Street, Glasgow, C.2. Douglas 5437. **HALIFAX**: Chapman's Advertising Ltd., Horton Street, Halifax 4761.

BRUNNING'S MARKETING SERVICES LTD. Lincoln House, 296-302 High Holborn, London, W.C.1. Tel: CHAncery 6071 and in Madrid, Cologne and Singapore.
CONSUMER RESEARCH LTD. Lincoln House, 296-302 High Holborn, London, W.C.1. Tel: CHAncery 4911.
COMMANDO SALES LTD. Lincoln House, 296-302 High Holborn, London, W.C.1. Tel: CHAncery 8333.
CIRCULAR DISTRIBUTORS LTD. 54 Gt. Marlborough Street, London, W.1. Tel: GERrard 0388 and at Maidenhead, Paris and Milan.

How many years now since Marconi sent the
first man-made signal bounding through the ether?
How many years since some of us ourselves
tinkered with our first crystal set,
prodding hopefully with the catswhisker;
gently moving the sliding coil until
a tinny burst of Rose Marie brought
station 2LO into our headphones?
That was only the beginning . . .



. . . Everywhere the new wireless was looked
upon as another form of competitive entertainment
designed to attract buyers of sets. In Britain,
this need for trade was linked with the ideal of public service.
'Listener research' produced what the people wanted.
'Informed taste' gave them what they needed.
British compromising genius wedded them together.
It all worked beautifully.
And now Television has brought everything much closer.
The romantic aura which clung to all important, remote figures
has been stripped away to reveal—just ordinary people,
like ourselves, similar in habit and outlook.
Cabinet Ministers drop in for supper to tell us of their plans.
Actresses confide to us the secrets of successful stardom.
Imagine Bernhardt or Baldwin . . .
But it's only just beginning.
What next then?
Improved line standards, intercontinental link-ups, colour,
STUDIO 5, the latest addition to
Associated-Rediffusion Wembley Studios, is equipped
to meet all foreseeable developments, and many of the creative and
technical advantages of this vast television
studio of the future are already
being enjoyed - by over 8 million viewers
in the London area alone.

LONDON

ASSOCIATED-REDIFFUSION

London's Television, Monday to Friday

Television House, Kingsway, London, W.C.2.
also Norfolk House, Smallbrook, Ringway, Birmingham 5. Tel: Midland 9151/2
and Peter House, Oxford Street, Manchester 1. Tel: Central 9057/8.

Hanns Christof Wein

This is the Liebfraumilch your guests will really enjoy

Dine with *Deinhard*

Famous since 1794
for the finest Rhine & Moselle Wines

TIMELESS

get there between meals

BREAKFAST HERE ✈ DINNER THERE

These epics in stone, symbolic of man's driving quest for spiritual truths, are living monuments to a deeply reflective way of life, creating an image profound and permanent . . . This is India—Ten Thousand Images.

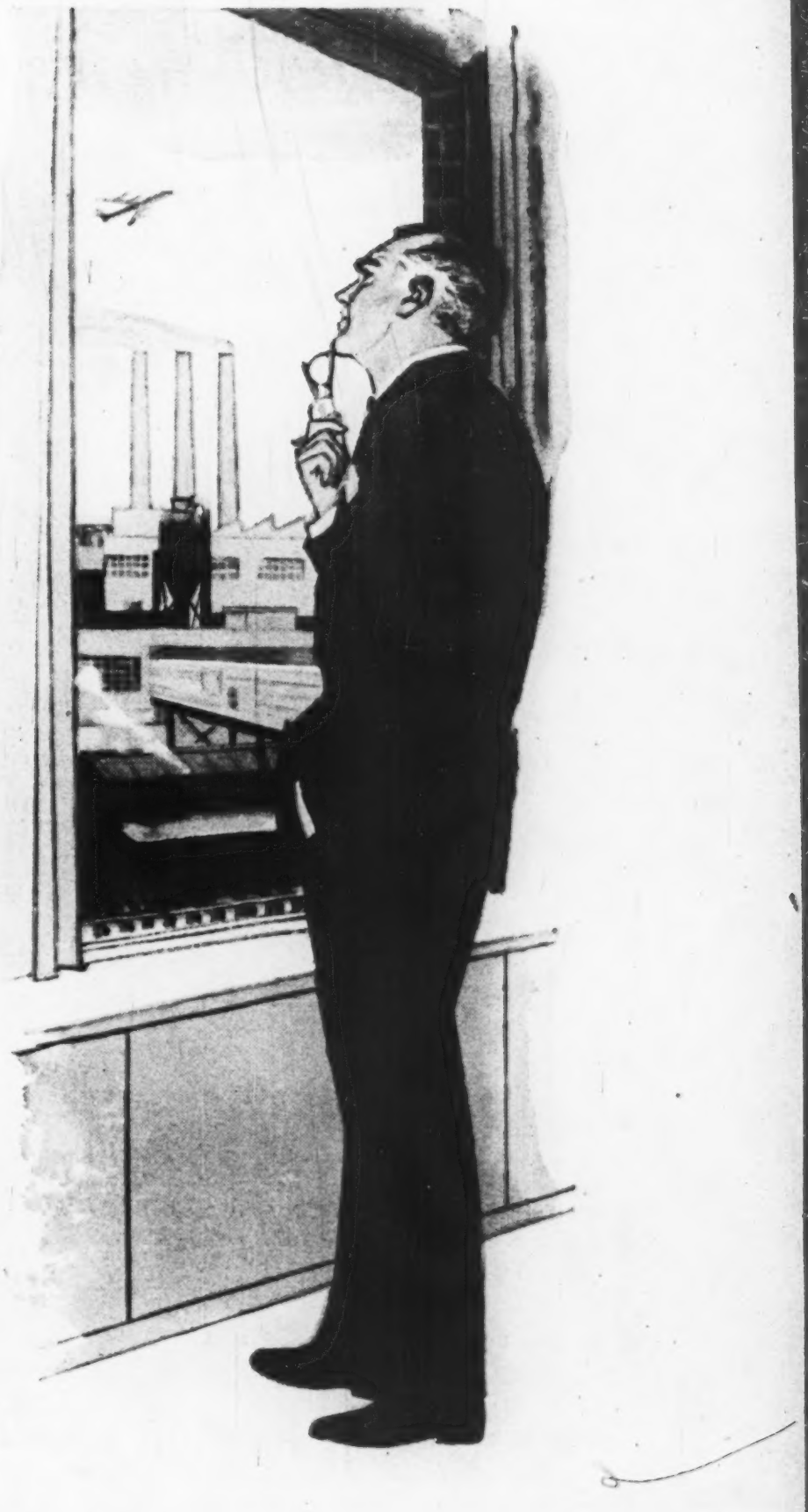
The big jets fly you there in just 12 hours. A streamlined network of road, rail and air communications, and luxurious hotels with their traditions of personal attention, bring India's ten thousand images within easy reach.

INDIA

ten thousand images

Details from all TOP Travel Agents or—
GOVERNMENT OF INDIA TOURIST OFFICE: 28, Cockspur St., London, S.W.1

TO THE MAN WHO WOULDN'T DREAM OF SHIPPING BY AIR...



That's a Pan American Jet Clipper* up there . . . flying at 600 miles per hour—carrying *products*, as well as people.

All over the world, Pan American Clipper Cargo is playing an increasingly important role in this exciting, new, modern method of distribution . . . helping to find new outlets for goods . . . creating new profits and giving new vigor to companies which used to be bound to surface transportation.

Today, many commodities can be more profitably carried by air. Perhaps *your* product falls into this category.

The advantages of Pan Am Clipper Cargo are many—whether the shipment is relatively small and goes in a Pan Am Jet or weighs tons and is carried in one of our giant DC-7F all-cargo Clippers. Rates today are as much as 38% lower than a year ago!

There are savings in man-hours, charges and expenses all along the line—plus the obvious advantage of *time* . . . having your goods there before your competition.

You'll find Pan American's cargo experts enterprising *and* knowledgeable. They have even assisted in finding new buyers—and profits—for products never sent overseas before!

Call your Cargo Agent or the local Pan Am Clipper Cargo office for an analysis of *your* shipping problems. Ask about the fastest and most efficient delivery to the major markets of the world.

*Trade-Mark, Reg. U. S. Pat. Off.

Good news from Africa

And there was power

This year saw the opening of the Kariba Hydro-electric installation in the centre of the Federation of Rhodesia and Nyasaland. This vast venture, built by creating the world's largest man-made lake on the Zambezi, will double the electric power resources of the Federation and will mean abundant electric power for industry, agriculture and private homes throughout the Rhodesias. Without Federation, a project of this scale would hardly have been undertaken. But because it was possible, a strong basis now exists for developing the Federal economy for the benefit of all races.

Kariba is one example of the unprecedented progress that the years of Federation have brought to Central Africa. New industries have been established with a common market throughout the Federation. All the main industries of the Federation have expanded notably. This growth was made possible by the confidence which the founding of the Federation inspired at home and abroad. £225,000,000 was invested in the Federation from overseas from 1954 to 1959, and a domestic capital market came into being. Gross investment has averaged 39% of the gross national income in the money economy. Few other countries in the world have achieved such an average over a six-year period.

Copperbelt: highest wages in Africa

Because industry has advanced so phenomenally, Africans have been able to advance in their work. The wages and salaries of Africans in the 1950's have been at a considerably higher rate than have those of Europeans. In the copper mining industry today increased opportunities enable African workers to earn the highest wages of Africans anywhere in Africa.

The Federal and territorial Governments have taken steps to ensure that legal bars to the advancement of Africans are removed, and they are now entering more and more skilled jobs. In Southern Rhodesia two recent Acts—the Industrial Conciliation Act and the Apprenticeship Act—have removed race, colour or religion as conditions of membership of a trade union or for qualifying for apprenticeships and industrial training. The Federal Government has set the pace with a multi-racial Federal Civil Service.

KARIBA: WE BUILT IT TOGETHER *8,000 Africans and 1,500 Europeans worked on the Federation's greatest single achievement.*

Partnership to create prosperity

Central Africa's growth has barely started. Its future in manufacturing, mining and agriculture offers opportunities for people of ability of all races. A continuing partnership of the races is essential if the remarkable progress that has been made in developing the country's wealth and its people is to be consolidated. An immense potential for the future exists in the combination of increasing African skills and European knowledge and capital. The basis for this growth has been established by the joining of Southern Rhodesia, Northern Rhodesia and Nyasaland into a Federation, to which each member territory has much to contribute and from which each has much to gain.

KEY MAN IN KEY JOB *This man is a supervisor in a soap factory—one of a rising generation of African skilled workers who have made the Federation's success story possible.*

Industrial development is only one of many fields in which tremendous progress has been made since Federation. 50% more African children are now at school. The health service has been greatly extended. A non-racial franchise has been introduced. This is what has already been achieved in the Federation. Its Government and people appreciate—perhaps more than anyone—how much remains to be done.

"Inside the New Africa," a word and picture portrait of the Federation, is on sale at all newsagents, price 2/6.

FEDERATION OF RHODESIA AND NYASALAND

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Hanging Separately?

ON Thursday evening Labour MPs gathered to hear the results of one of the most extraordinarily perverse elections in British political history. In his contest against Mr Gaitskell, Mr Harold Wilson was able to rely on the support of about 40 anti-American left-wingers (including a sprinkling of open fellow-travellers), plus about a dozen genuine nuclear pacifists, plus about another dozen MPs who opposed Mr Gaitskell because of some past personal disagreement or resentment. Mr Wilson's campaign had concentrated on trying to add MPs of the centre to this diverse army, on the astonishing argument that the best means of securing party unity would be by coming to terms with a doctrine of unilateralism in which two thirds of Labour MPs do not believe. The battle-cry was that "Mr Gaitskell should stop fighting the Labour party and concentrate on beating the Tories," having first armed himself with a policy which would be certain anathema to the vital million or two of floating votes on whose capture any "beating of the Tories" must absolutely depend.

It is a measure of the fearful mess into which Labour has fallen during these past nine years that these arguments could be deployed within a serious and still sizeable political party, instead of merely making a brief appearance in some *opéra bouffe*. Before the Scarborough conference some party experts even insisted that Mr Wilson would be likely to win a majority of Labour MPs to his side, arguing that Mr Gaitskell would find it impossible to persuade the parliamentary party to defy the sacred tablets inscribed with the annual conference's vote. For some time now it has been apparent that things are not as bad as that. Thursday's voting showed only 81 votes for Mr Wilson against 166 for Mr Gaitskell, a slightly better result than even the Gaitskellites had recently expected, giving Mr Gaitskell a majority of more than two to one. Nevertheless the scars of the contest will remain. Are they likely to be festering sores in the body politic for a long time, or may they soon come to be seen as the excision marks attendant upon a necessary and long overdue operation?

The answer is likely to depend on how Mr Gaitskell reacts to one of two very different situations that may now emerge before him. Whatever happens, the presumption must be that for a time there will be two Labour parties in the House of Commons: Mr Gaitskell's loyalist majority group, and a minority group of left-wingers who will vote with Mr Gaitskell on most issues but seek to stab him in the back whenever convenient, although with an effectiveness that is likely to be diminished by the inability of their variegated leaders to agree among themselves for any ten minutes consecutively. The balance of recruitment between the two groups may depend largely on the timing of the next recession in world trade. If things—which means chiefly economic things—began to go badly wrong for the Tories, one's guess is that some even of the Labour MPs who deserted Mr Gaitskell this week would start quickly to form ranks round him again. It would then be seen that the main nucleus for the only alternative government that is immediately conceivable is still under Mr Gaitskell's control, and the question whether this alternative government can still be turned into an actual government at the next election (which will come at a moment of the Tories' choosing) will depend largely on what he does to the image of this alternative in the meanwhile.

But it is, of course, rather more probable, at least for the immediate future, that the Tories will continue to enjoy their recent run of average good luck,

and will continue to maintain their record of moderate and fairly popular social reform. If so, it is likely that Labour will lose fairly heavily to the Liberals and the Tories in coming by-elections, because of revulsion by the electorate against the recent sins of the unilateralists; and it is very possible (in an unjust world) that more and more Labour MPs may then blame the consequences of these sins upon Mr Gaitskell as their scapegoat. In these circumstances, there will be every temptation for Mr Gaitskell to try to dissuade his more marginal supporters from straying into Mr Wilson's fold, by attempting to outbid Mr Wilson in the purity of his socialism. This would be called "fighting the Tories instead of fighting his own folk," but it would, of course, be a continuation of the fundamental mistake that Labour has made ever since it came out of office nine years ago. It is a mistake based on a complete misunderstanding of what the word "fight" means.

To fight in politics does not mean simply clobbering one's opponents, in the hope that those who are thus assaulted will then somehow go away; it means outvying them, in the hope that some of the voters who now support them will then come over to one's own side. In this sense, Mr Attlee (too often during his leadership), Mr Gaitskell (occasionally) and Mr Wilson (all the time) have indeed wasted the last nine years in struggling too much to fight and outvie and outinveigle the left wing of their own party; that is why they have fallen down on their job of fighting and outvying and stripping votes from the Tories. It is not enough for an opposition merely to abuse the government; it is not doing its job properly unless it offers sober, consistent and carefully thought-out alternative policies that can attract winnable voters in the middle. This is something that Labour has conspicuously failed to do since 1951. The reason is that the sober men of the party have found themselves constantly struggling to avert the disapproval of a few party dignitaries in the middle between themselves and their own left, instead of striving to woo and win the votes of several million ordinary people in the middle between themselves and the Conservative party.

The more the causes of Labour's nine-year decline are analysed, the clearer it becomes that a reversal of this order of priorities of wooing represents Mr Gaitskell's only real way out now. After this year's alarums Mr Gaitskell cannot easily hope to draw socialist fundamentalists back to him by compromising with their policies; and it is certain that, if he tries to edge his policies in that direction—making any obeisance to the attitude of mind that finds an answer to every question in more anti-Americanism abroad and more socialist fundamentalism at home—then the floating voters in the country will desert him in shoals. But if he gears his policies towards the active centre of British politics—judging each policy statement not by whether it looks like a weakening of socialist doctrine, but by whether it looks like common sense—it is by no means certain that he cannot attract floating voters to him as and if disillusion with the Tories spreads; and it is very probable that, once he had attracted them, some of the Labour MPs who deserted his ship in this week's vote would clamber back on board. Nobody should underestimate the difficulty of this at a time when local Labour parties will be nominating candidates of different political hues, and when the mass electorate may not at first distinguish very tidily in the amount of support that it withdraws from each; at the same time nobody should ignore the importance of the way in which the clumsy Labour apparatus of conference and national executive has been challenged and to some extent devalued in these last few weeks.

It has been customary for Mr Gaitskell's critics to say recently, as if they were accusing him of a sin against his party's interests, that he has set millions of Tories to applauding him since Scarborough. Salvation will come to the Labour party only when its members realise, as though in a blinding flash of enlightenment, that this is exactly what the leader of a party with a minority of two million votes most urgently needs to do. The prospect of there ever again being a Labour government may now depend on Mr Gaitskell going out and doing more of it.

The Congo Band

The leaders of the new African states need to sink their differences and make a common effort to handle the Congo crisis

PURGED of its three white faces, Mr Hammarskjöld's advisory committee on the Congo is to go to Leopoldville as a conciliation commission. When it gets there its members' first job will be to seek agreement among themselves. If squabbles in New York do not hold up their departure indefinitely they will, in all likelihood, arrive hot on the heels of Satchmo himself, the great trumpeter Mr Louis Armstrong. They could do worse than take the hint and play it cool; but this may not be easy.

The advisory committee, comprising the eighteen states that have troops in the Congo, sat for three hours last Saturday before deciding to appoint its eleven African and four Asian members to the conciliation commission called for by the General Assembly in September. It could not agree on the commission's terms of reference: these had to be referred to a sub-committee. A suggestion that the peacemakers should divide themselves into small working groups remains a suggestion. No date of departure could be fixed; no chairman acceptable to all the commissioners could be found. If the United Nations Afro-Asian band is to succeed in soothing the central African breast (and, for Africa's sake, it cannot afford to fail) it will have to learn to play in tune.

The discordant notes are loud. President Nkrumah's policy amounts to a call for a clear directive from the United Nations to establish a strong African command (perhaps diluted by a few Asians) which could take a firm hold of the

Congo. In effect, he would give the Congolese the tutelage—it would almost certainly be labelled "pan-African neo-colonialism"—that the Belgians failed to provide. There is little doubt that this might be the most sensible thing to do—if the African states could agree among themselves on the leadership of the command and on the methods it would follow.

But they are not even agreed that there should be a command as strong as the one the Ghanaians would like to see; and there are those (including the Nigerians) who frankly suspect President Nkrumah's motives. In one of the letters which, according to Colonel Mobutu, Dr Nkrumah wrote to Mr Lumumba, there is this sentence:

> If Ghanaian troops are to be placed completely at your disposal, then you and your government must find some way to declare that, in this struggle, Ghana and the Congo are one.

The president's letters to "Dear Patrice" are now famous, and he has yet to say that the passages widely quoted from them are false. In fairness, it should be added that much of the advice offered by Dr Nkrumah was sound; the pity is that Mr Lumumba was quite unable to take it, and to establish some kind of control over his government.

GHANA, Guinea and the United Arab Republic have the support of the communist countries and several other Afro-Asian states in their campaign to restore Mr Lumumba—in their view the legitimate prime minister—to power. Here, however, President Nkrumah is on shaky ground. Mr Lumumba's dismissal by President Kasavubu was, according to the *loi fondamentale*, constitutionally correct and (although some Africans dispute it) there was no quorum at the subsequent joint sitting of the Congolese parliament which acclaimed and re-instated him. Nevertheless, as a good pan-Africanist, Mr Lumumba can rely on many friends. The East African leaders—including Mr Mboya and Mr Nyerere—threw their weight behind the bring-back-Lumumba movement at their conference in Uganda ten days ago. At almost exactly the same moment, however, the eleven heads of government of French-speaking Africa who met at Abidjan, capital of the Ivory Coast, came out in favour of Mr Kasavubu; a united French African line on the Congo (and other issues); and a move away from the extreme pan-Africanism of Ghana and Guinea.

There was much pique in Abidjan because only one of the eleven governments gathered there (Senegal) has a representative on the conciliation commission appointed last Saturday. Only states who have troops in the Congo are on the commission, or the committee which set it up. This rule has excluded all the French-speaking African states except Mali (former French Sudan), Senegal and Guinea; of these only Senegal is a supporter of the Abidjan line.

In New York, the delegates of the Abidjan governments have been loud in their complaints. It is ridiculous, they argue, that some of the Congo's closest neighbours (including Gabon, Chad, and that other Congo of which the capital is Brazzaville) should not be represented on a commission that aims to conciliate the Congo (of which the capital is Leopoldville). Their view is no more disinterested than President Nkrumah's; one of President Kasavubu's closest supporters is the Abbé Fulbert Youlou, president of the Congo across the river: both men dream of a united Bakongo state in the future. Tunisia, with Liberia and Ethiopia at its side, will have nothing to do with Mr Lumumba. They formed the worst possible impression of him at the conference of African heads of states he called to Leopoldville shortly after he came to power. The Nigerians, aware of their own strength in Africa, are unlikely to do anything that would make them appear to be following President Nkrumah.

It seems hardly probable that the conciliation commission will be able to iron out these differences before it leaves for Leopoldville, or even when it gets there. But iron them out it must, if it is to have any hope of alleviating the situation. The danger is that it may make things worse. The commissioners have managed to agree that they will see everyone in the Congo who has any power over any part of it (including Mr Tshombe of Katanga). They will have to exercise strong self-control if they are not to break up into factions, each attempting to bring its own preferred Congolese politician back to power.

The commission will in all probability find itself forced to sit in judgment upon the United Nations operation: there will be many charges, some of them from within the commission itself, that the UN has "failed" in the Congo. Mr Hammarskjöld's interpretation of his brief has not allowed him to use force to disarm private armies, or to undo Colonel Mobutu's neutralisation of parliament. His scrupulous non-interference in Congolese internal disputes has prevented him from forcing Mr Tshombe and the other secessionists (including Mr Kalonji in the Kasai) to climb down. It has also created the impression of a United Nations vacillating between different aspirants to power, now giving its favour, now withdrawing it. The trickle of Belgian administrators back to their old posts is thickening into a flood (as our Brussels correspondent points out on page 571), and the Belgian reply to Mr Hammarskjöld's protest was a note telling him not to be rude. In the past week there has been some eclipse in the power of Colonel Mobutu: it is an open secret that the UN has lately been more in conflict with the colonel than with Mr Lumumba. The colonel's power rests on force alone, and his troops have been running riot in Leopoldville.

WHAT all members of the commission are agreed on is that solution of the Congo's problems must come by conciliation and not by force. They also all agree, in public at any rate, that it must come through the United Nations—in other words, through their own good offices. Whatever handicaps they start out under, they will do well if they at least succeed in taking the burden of the political quarrels of the Congo off the shoulders of the UN administrators there, leaving them to get on with the job of distributing food and medical supplies and getting the machinery of the civil service, the health service, and the other sections of the government going.

Their first imperative will be to find a way of seeing that the Congo parliament is recalled to take a decision on who is to lead the government. Even if it seems likely that Mr Lumumba will be able to hypnotise the deputies yet again, the risk must nevertheless be taken. Once sitting, parliament must not be allowed to melt away again; nor must the UN allow another Colonel Mobutu (however well-intentioned) to prevent parliament from functioning.

Africa cannot afford to let it go at that. The Congo is a gaping wound in the side of every independent state on

the continent. Whatever divisions and suspicions there are, a way must be found to overcome them. The African leaders know this: what may well decide the very existence of their new-won states will be the ability or inability they show to find a way of putting the Congo mess straight. In South Africa the foreign minister, Mr Louw, has accused Ghana of "teenage" behaviour; this epithet (euphemistic by Mr Louw's standards) will, rightly or wrongly, be applied in varying degrees to the other black African states, as much by those who are unsure of Africans' abilities as by those who are unfriendly towards them. In 1960, when the last sods on the grave of colonialism are being pressed down (in the West at any rate), it would be unthinkable for anyone outside Africa to take the Congo by the scruff of its neck and tutor it out of chaos.

Only Africa can do the job; and the Africans must do it for a more practical reason than just to show that what is said about them in Johannesburg and Salisbury (and on Conservative back benches at Westminster) is wrong. While the confusion in the Congo lasts, much of the money Africa needs for its development as a modern continent will probably be thrown down the drains of Leopoldville—financing what cannot, in such conditions, be more than a holding operation. Perhaps more disastrously, private money that would have gone to new countries in Africa will not leave the banks in Wall Street and the City at all.

The confidence of investors in African states is shaky enough. Most of them tend to look at Africa as one place. While the Congo situation lasts (and, unfortunately, probably for a long time after it is cleared up) it will make potential investors who have already thought twice about putting their money into the continent think again and decide against it. President Nkrumah may be getting his army exercised at UN expense, but it is certain that he would rather have the money for the Volta River scheme. He, and the other African leaders, cannot risk not coming to terms and trying to put the Congo to rights. They must agree on a brief, and ask the UN to give it to them. Mr Louis Armstrong, confronted with a new combination of musicians, would give the only possible answer, in his own idiom, "Improvise, man, improvise!"

Children in Court

Should younger offenders be dealt with outside the courts?

For fifty years, but particularly since the Children and Young Persons Act of 1933, the principle behind the treatment of young offenders has been to deal with them according to their needs rather than their misdeeds. In fact, under that Act a child may appear before a juvenile court who has not broken the law at all, or at least has not been charged with having done so. He may be brought because he is deemed to be in need of "care or protection"; in other words, because his parents are not looking after him and he is suffering thereby or is exposed to moral danger. Or his parents themselves may bring him because he is "beyond control." In either case, there is no lower limit to the age at which he can appear before the court. At present a child cannot be charged with an offence until he is eight years old. But at any age a child in need of care or protection, or beyond control, can be removed from his parents' care by order of the court, and, if old enough, he may find himself in a remand home or an approved school along with the young convicted.

Most people who have studied the problem agree with the wisdom of putting all children in trouble through the same procedure. A boy will appear before a juvenile court with an admitted offence—say, stealing. The probation officer's, or the psychiatrist's, report will disclose to the magistrates that the stealing began when he learned that his father was associating with another woman. Or a little girl may be brought along, as being beyond control, by a mother whose very expression supports the probation officer's opinion that she has completely rejected all her children and is quite indifferent to their removal from her care. The court will then act on the assumption that there is no inherent badness in the little thief or in the undisciplined girl. As with the physically ill-treated and the neglected, what has gone wrong is their upbringing.

Supervision, and perhaps the help of a social welfare agency, may be enough of themselves to put things right. In more serious cases, the child may need long-term remedial training away from his home. That is for the court to decide, having regard to all that has been said about the child and his environment in a multiplicity of reports, but having very little regard, so it usually appears, to the actual offence—if there was one.

An important question the Ingleby Committee on Children and Young Persons had to decide was whether this principle—needs, not deeds—should be pushed to what some would call its logical conclusion. Should the age of criminal responsibility be raised to fourteen or even to the school-leaving age, leaving all children under that age to be dealt with, not by courts of justice at all, but by special welfare agencies or tribunals? In its report (Cmnd 1191) the committee gives its reasons for rejecting this proposal. It points out the importance of having a definable basis on which a court can rely before proceeding to such a drastic step as sending a child away from home or depriving parents of their rights in respect of their children.

As things are, whether the circumstances that bring the child before it are an offence, or allegations that he needs care or protection or is beyond control, the court has to be satisfied that the offence was committed, or that the allegations are true, before it decides what should be done about the child. Would a non-judicial body, heavily weighted presumably with welfare and social workers, who would tend quite naturally to be impressed with a case brought by other welfare workers, receive the same acceptance and confidence from the community as it now gives to the juvenile court? And if a parent, having brought a child to a tribunal, later ceased to co-operate, or if the child failed to do so, he would have to be brought before a court in the end, and probably a long time after the events that provoked the initial proceedings.

But the Ingleby Committee appreciated the weakness of the

present system: "that a juvenile court often appears to be trying a case on one particular ground and then to be dealing with the child on some quite different ground"; that the disposal has nothing to do with the offence. It therefore recommends that the age of criminal responsibility should be raised to twelve (possibly to thirteen or fourteen later) and that all children under that age who come before the court should come for the same basic reason: this the committee would redefine as in need of "protection or discipline," a phrase wide enough to justify a wide range of treatment.

Secondly, the parents should be joined in the action, both to give them the right of addressing the court and calling evidence and to make it easier for the court to consider the whole circumstances. Thirdly, only the local authority or the police should be able to initiate proceedings, and there should first be consultation between them to ensure that the proceedings are really necessary and that they are based on the most appropriate grounds. Thus parents would no longer be able to bring their own children as being beyond control—a procedure that can be particularly distressing to a child.

These recommendations of the Ingleby committee have been criticised for not going far enough. But it is surely important to place some limit to the investigation of family lives and the interference with parents that hauling a child before a court or a tribunal must entail. The difficulty is that if you scratch almost anyone anywhere, you will find a psychopathology; you will find, that is, a childhood history of parental death, quarrelling or divorce, or separation from parents, or illness, or sibling jealousy—all factors that may be entered in a report as bearing on a child's delinquency.

We still do not know how far a child's deeds reflect his distress; but we do know that far more children commit offences than appear for trial as young delinquents. As a rule only one whose misdeeds are more than trivial or whose needs are great is at present brought before a court; the great majority work through their troubles on their own. But the farther away the procedure for dealing with them gets from the ordinary concepts of justice and punishment, and the more humanitarian it becomes, the more likely that the young will be submitted to it. The danger will then be that the process of reconditioning other people's children, of bandying them between one expert and another, will know no bounds at all.

Living with Polaris

The Polaris base raises problems—but none to which the unilateralists have the answer

THE Anglo-American agreement, announced by Mr Macmillan on Tuesday, to establish an operational base on the Clyde for American nuclear missile-firing submarines is a logical variant of the policy of giving the United States bases for nuclear bombers. Both sorts of bases may only be temporary. The bombers at present in East Anglia may be withdrawn if and when the long-range B-70 bomber takes over, or the United States relies increasingly on intercontinental ballistic missiles. The Polaris submarines will not require a Scottish base when the range of their missiles has been extended to 2,500 miles, as is planned by 1970. At present the range is only 1,200 miles; to do much retaliatory damage to Russia the submarines must fire their missiles fairly close to the north European coastline.

Scotland is the obvious base, where the submarines will be able to do minor repairs both from their own tender (USS *Proteus*) and in the floating dock which is expected in the Holy Loch later. Crews can be rested on the Clyde without taking the submarines back across the Atlantic and thus immobilising them during the voyage both ways. While so few submarines are available (only two at present) it is sound tactics to keep them in European waters as long as possible between refits.

A submarine base is, of course, a target for Russian missilemen; but as the Americans will be next door to the Royal Navy's own submarine base in the Gareloch, the same Russian H-bomb would do for both. In any case, an emergency would find the nuclear submarines at sea—even if a spare crew were ashore. The outcry among unilateralists and others in Scotland is far less justified, in terms of increased danger to the local population, than earlier agitations against the Thor bases and bomber airfields in the south.

Even so, the Polaris agreement has come opportunely for Labour's unilateralists (some 45 Labour MPs have tabled an amendment to the Address challenging the Government—and Mr Gaitskell—over American bases) and for the Campaign for Nuclear Disarmament in its several guises and groups. It is a new issue on which to drum up support—and one involving any number of scare stories, among them the dangers of accidental explosions and radiation from the vessels' nuclear power plant. Mr Macmillan's nuances in the Commons on the question of control seem to have originated in insufficient collaboration with Washington. A nuclear submarine is, of necessity, a more independent agent than a bombing aircraft or a missile launching pad on land. It is, however, precisely on the score of political control over all the deterrent weapons that public opinion has been most anxious. The unilateralists are bound to develop this point further. As a report from Glasgow on the following page shows, there is the further possibility of the unilateralists capturing the Glasgow Labour party and the Scottish TUC to conduct their agitation.

THE Campaign for Nuclear Disarmament, as it happened, was in need of a juicy bone of this kind to gnaw at the present time. Its members have in recent weeks been more concerned with gnawing at each other, over the issue of non-violent civil disobedience. Lord Russell's plans for this first slipped out in September. The heart-searchings this aroused in a number of CND stalwarts were not assuaged by internal correspondence. By October 24th Lord Russell's split with Canon Collins had come into the open. It emerged that Lord Russell had resigned the presidency of the CND, confessing his personal disappointment with the canon's reluctance to join in civil disobedience and declaring it impossible to work with him any longer.

The Russell-Scott manifesto on civil disobedience was

the continent. Whatever divisions and suspicions there are, a way must be found to overcome them. The African leaders know this: what may well decide the very existence of their new-won states will be the ability or inability they show to find a way of putting the Congo mess straight. In South Africa the foreign minister, Mr Louw, has accused Ghana of "teenage" behaviour; this epithet (euphemistic by Mr Louw's standards) will, rightly or wrongly, be applied in varying degrees to the other black African states, as much by those who are unsure of Africans' abilities as by those who are unfriendly towards them. In 1960, when the last sods on the grave of colonialism are being pressed down (in the West at any rate), it would be unthinkable for anyone outside Africa to take the Congo by the scruff of its neck and tutor it out of chaos.

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Supervision, and perhaps the help of a social welfare agency, may be enough of themselves to put things right. In more serious cases, the child may need long-term remedial training away from his home. That is for the court to decide, having regard to all that has been said about the child and his environment in a multiplicity of reports, but having very little regard, so it usually appears, to the actual offence—if there was one.

An important question the Ingleby Committee on Children and Young Persons had to decide was whether this principle —needs, not deeds—should be pushed to what some would call its logical conclusion. Should the age of criminal responsibility be raised to fourteen or even to the school-leaving age, leaving all children under that age to be dealt with, not by courts of justice at all, but by special welfare agencies or tribunals? In its report (Cmnd 1191) the committee gives its reasons for rejecting this proposal. It points out the importance of having a definable basis on which a court can rely before proceeding to such a drastic step as sending a child away from home or depriving parents of their rights in respect of their children.

As things are, whether the circumstances that bring the child before it are an offence, or allegations that he needs care or protection or is beyond control, the court has to be satisfied that the offence was committed, or that the allegations are true, before it decides what should be done about the child. Would a non-judicial body, heavily weighted presumably with welfare and social workers, who would tend quite naturally to be impressed with a case brought by other welfare workers, receive the same acceptance and confidence from the community as it now gives to the juvenile court? And if a parent, having brought a child to a tribunal, later ceased to co-operate, or if the child failed to do so, he would have to be brought before a court in the end, and probably a long time after the events that provoked the initial proceedings.

But the Ingleby Committee appreciated the weakness of the

present system: "that a juvenile court often appears to be trying a case on one particular ground and then to be dealing with the child on some quite different ground"; that the disposal has nothing to do with the offence. It therefore recommends that the age of criminal responsibility should be raised to twelve (possibly to thirteen or fourteen later) and that all children under that age who come before the court should come for the same basic reason: this the committee would redefine as in need of "protection or discipline," a phrase wide enough to justify a wide range of treatment.

Secondly, the parents should be joined in the action, both to give them the right of addressing the court and calling evidence and to make it easier for the court to consider the whole circumstances. Thirdly, only the local authority or the police should be able to initiate proceedings, and there should first be consultation between them to ensure that the proceedings are really necessary and that they are based on the most appropriate grounds. Thus parents would no longer be able to bring their own children as being beyond control—a procedure that can be particularly distressing to a child.

These recommendations of the Ingleby committee have been criticised for not going far enough. But it is surely important to place some limit to the investigation of family lives and the interference with parents that hauling a child before a court or a tribunal must entail. The difficulty is that if you scratch almost anyone anywhere, you will find a psychopathology; you will find, that is, a childhood history of parental death, quarrelling or divorce, or separation from parents, or illness, or sibling jealousy—all factors that may be entered in a report as bearing on a child's delinquency.

We still do not know how far a child's deeds reflect his distress; but we do know that far more children commit offences than appear for trial as young delinquents. As a rule only one whose misdeeds are more than trivial or whose needs are great is at present brought before a court; the great majority work through their troubles on their own. But the farther away the procedure for dealing with them gets from the ordinary concepts of justice and punishment, and the more humanitarian it becomes, the more likely that the young will be submitted to it. The danger will then be that the process of reconditioning other people's children, of bandying them between one expert and another, will know no bounds at all.

Living with Polaris

The Polaris base raises problems—but none to which the unilateralists have the answer

THE Anglo-American agreement, announced by Mr Macmillan on Tuesday, to establish an operational base on the Clyde for American nuclear missile-firing submarines is a logical variant of the policy of giving the United States bases for nuclear bombers. Both sorts of bases may only be temporary. The bombers at present in East Anglia may be withdrawn if and when the long-range B-70 bomber takes over, or the United States relies increasingly on intercontinental ballistic missiles. The Polaris submarines will not require a Scottish base when the range of their missiles has been extended to 2,500 miles, as is planned by 1970. At present the range is only 1,200 miles; to do much retaliatory damage to Russia the submarines must fire their missiles fairly close to the north European coastline.

Scotland is the obvious base, where the submarines will be able to do minor repairs both from their own tender (USS *Proteus*) and in the floating dock which is expected in the Holy Loch later. Crews can be rested on the Clyde without taking the submarines back across the Atlantic and thus immobilising them during the voyage both ways. While so few submarines are available (only two at present) it is sound tactics to keep them in European waters as long as possible between refits.

A submarine base is, of course, a target for Russian missilemen; but as the Americans will be next door to the Royal Navy's own submarine base in the Gareloch, the same Russian H-bomb would do for both. In any case, an emergency would find the nuclear submarines at sea—even if a spare crew were ashore. The outcry among unilateralists and others in Scotland is far less justified, in terms of increased danger to the local population, than earlier agitations against the Thor bases and bomber airfields in the south.

Even so, the Polaris agreement has come opportunely for Labour's unilateralists (some 45 Labour MPs have tabled an amendment to the Address challenging the Government—and Mr Gaitskell—over American bases) and for the Campaign for Nuclear Disarmament in its several guises and groups. It is a new issue on which to drum up support—and one involving any number of scare stories, among them the dangers of accidental explosions and radiation from the vessels' nuclear power plant. Mr Macmillan's nuances in the Commons on the question of control seem to have originated in insufficient collaboration with Washington. A nuclear submarine is, of necessity, a more independent agent than a bombing aircraft or a missile launching pad on land. It is, however, precisely on the score of political control over all the deterrent weapons that public opinion has been most anxious. The unilateralists are bound to develop this point further. As a report from Glasgow on the following page shows, there is the further possibility of the unilateralists capturing the Glasgow Labour party and the Scottish TUC to conduct their agitation.

THE Campaign for Nuclear Disarmament, as it happened, was in need of a juicy bone of this kind to gnaw at the present time. Its members have in recent weeks been more concerned with gnawing at each other, over the issue of non-violent civil disobedience. Lord Russell's plans for this first slipped out in September. The heart-searchings this aroused in a number of CND stalwarts were not assuaged by internal correspondence. By October 24th Lord Russell's split with Canon Collins had come into the open. It emerged that Lord Russell had resigned the presidency of the CND, confessing his personal disappointment with the canon's reluctance to join in civil disobedience and declaring it impossible to work with him any longer.

The Russell-Scott manifesto on civil disobedience was

published on the 25th. It referred discursively to the early Christian martyrs and to mendacious politicians and journalists, but remained entirely non-committal on precise forms of action to be taken. The message, so far, is simply that where 2,000 or more are gathered together in the name of civil disobedience "the way lies open to a new Paradise."

This promise of hard-won moral and physical salvation contrasts with Mr Cousins's spurious picture (painted at Scarborough) of a world in which it might be readily permissible for the Americans and Russians to have a go at each other, provided Britain contracted out. It is hard to tell which inspiration appeals most to the unilateral ranks. Mr Cousins's promise is militarily and scientifically impossible: no one can contract out of fall-out or the economic disintegration (to say the least) that a Russo-American war would produce. Nor are any military planners in the Soviet Union or anywhere else going to disregard a country with the capacity to manufacture H-bombs when it comes to making a pre-emptive attack. The Russell-Scott manifesto, in failing (of necessity) to explain how the major nuclear powers are to be influenced by their agitation, seems, in reality, to be appealing to their public on much the same unreal ground as Mr Cousins. So are the anti-Polaris Labour MPs in Scotland, with their contention that the existence of the base somehow endangers Glasgow to an extent that any major city in Britain, Russia and North America is not already jeopardised.

The consequence of the civil disobedience campaign, when it gets going, is likely to be a good deal more work for the police in lifting and carrying, more moralist muddle and controversy, and the repetition of such scenes as the one (sponsored by the CND and the local peace council) that greeted General Norstad in Coventry on October 12th. The effect on east-west negotiation will be minimal. It is a customary compliment to Lord Russell and his colleagues to say that at least they induce other people to start thinking about the issues. The compliment would be deserved if there were more evidence that they really knew where they were going themselves.

Thunder on the Clyde

A Correspondent in Glasgow reports that massive opposition is likely to be Clydeside's answer to Polaris submarines in the Firth, however much the region knows in its heart that the decision on the Holy Loch base is irrevocable. The Clyde, perhaps less turbulent politically in the sixties than before, keeps enough fire in its belly to fight for what the left-wing seems passionately to believe is right.

What is urgently needed, however, if any sort of mass campaign is to be mounted is a central rallying point to bring the ragged protest banners together. This is the first essential if Aldermaston is really to come to the Clyde; the pressure groups—uncertain during the month's softening up that preceded Tuesday's confirmation of the new base—are now seeking exactly that point.

Many Scots, however loyal in past wars, are unhappy today about entering the firing line under a global diplomacy that puts American fingers on all the triggers. The impetus for the opposition to Polaris is obviously political. It could hardly be otherwise, but it would be a mistake to dismiss it all as a communist jamboree. It would be equally wrong to think that ordinary men everywhere will flock emotionally to the bandwagon.

Moscow radio has proclaimed that the Holy Loch is now the target for inevitable retaliatory blows. The point, anticipated by some, has been taken by many local strategists who are well aware of the Firth of Clyde's modern role—even before Polaris—as a site of five assorted Nato defence projects worth £15 million in capital costs (if the Kintyre air base, at present in suspended animation, is included). In addition, the Royal Navy's third submarine flotilla is permanently based in the Gareloch—all of which gives the estuary an even higher strategic rating than it carried in the past.

The Clyde valley, the heavy-industrial powerhouse of two world wars, starts just across from the Holy Loch on an uninterrupted eastward run of fifty miles. Not by accident, it is also the hot-bed of Scottish radicalism, and Polaris, even at this early stage, seems destined to become an issue that is too good to be missed in a region where rank-and-file inclinations tend to be non-Gaitskellite over both Clause Four and the Scarborough conference. Over a hundred Labour officials in the West of Scotland have called this week for obedience to the party conference's authority.

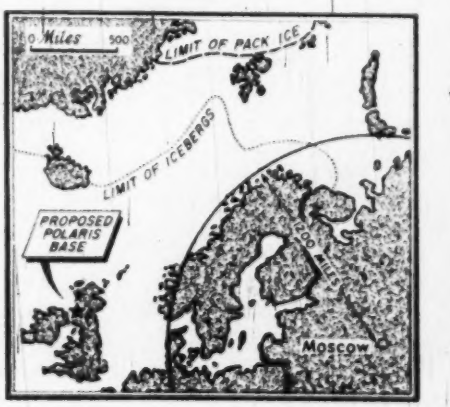
The left-wing tempest could now blow so strongly that the Polaris base may reap the whirlwind. Nine local authorities were to meet defence officials in Greenock on Thursday, and the first demonstration has been planned for outside the Navy building while the implications of the base and its 1,500 Americans are to be unfolded within. Opposition is sharpest where the militants are strongest, but uneasiness is widespread among a population that is otherwise eager to welcome anything that might boost a faltering economy in which 72,000 are at present unemployed. This is the stubborn equivalent of 3.3 per cent of the working population and the Clydeside mood prefers employment potential to Polaris projectiles.

THE Holy Loch towns, however, are in tourist country, which is also underdeveloped for political agitation, and the population there is inclined to believe that 1,500 Yanks on their doorstep will bring positive benefits with the gunpowder. But Argyll matters less than Clydeside when it comes to stirring up popular fronts.

Several Scottish Labour MPs have already jumped to the attack and more could follow. The general council of the Scottish TUC will speak next week on behalf of 800,000 union members, and the Glasgow district trades council called on the Scottish TUC on Wednesday night to give a positive lead in organising opposition to the base. Greenock, Dumbarton, Edinburgh and other trades councils are adding their weight. The Labour-controlled town and county councils, thick on the ground in West and Central Scotland, seem unlikely to stay out of the fight.

Glasgow Corporation, with its massive Labour majority, was prevented on a technicality last week from debating a protest petition launched by a group of activists—not all of whom are politically committed. But the corporation is now expected to yield to pressure and debate Polaris: it may even swing into line against the base. The signs suggest that the Glasgow Labour party and the Scottish TUC may yet provide just the leadership any full-blooded campaign must have. This leaves several other possible organs of opposition and protest, notoriously slower-moving than the militant left. How they will eventually react is still anyone's guess.

The Church of Scotland will not pronounce while political tempers are high, but a former moderator, the Very Reverend Dr George F. MacLeod, has given a significant lead for those neutralists who want to take it. It is in these realms of moral conscience that Scottish opinion may determine whether the Polaris protest becomes a damp squib or a violent explosion.



Neighbourhood without Partnership

The Cuban-American quarrel seems to be approaching a crisis. Even if a showdown is avoided, some deeply rooted Latin suspicions may be given new life

CUBA, Mr Nixon has said, is in quarantine. That is one way of looking at the situation that has been reached; but the purpose of a quarantine is to prevent the spread of infection while permitting the disease to heal, and Cuba—the cords slashed that used to bind it almost umbilically to the United States—seems to be in exactly the opposite position.

It is true that Washington and Havana have between them pushed their quarrel to a pitch where Cuba can scarcely buy or sell in the United States, and the Americans have lost virtually all the property they once owned in Cuba. Communication has been reduced to public harangues and defiant gestures: Dr Castro parades his militia; the United States ships marines in and out of the naval base at Guantanamo bay. What fails to convince is Mr Nixon's implied suggestion that the economic and diplomatic barricade thrown up between the two countries can somehow prevent the Cuban anti-American virus from spreading to the other Caribbean republics—or further south.

Since 1958, when the vice-president had his eyes opened and his car pelted in certain of the Latin American republics, there has been a good deal of talk about the search of the United States for a new relationship with its southern neighbours. A year or so before the Cuban bubble burst, there were signs that Washington was not only rethinking the character and scale of economic assistance, but also having second thoughts about the attitude to be taken to popular movements. This necessary revision was hurried up, rather than caused, by what happened in Cuba. The need both to stem Dr Castro's influence and to line up Latin American support against him made friendship and aid more obviously expedient, and more urgent, than they had been before. While there were many Latin Americans who remained unimpressed, most of their leaders welcomed the type of aid, on a larger scale than before and directed towards social improvement, that Mr Dillon outlined at Bogotá in September.

BUT the Administration's step forward in its economic relations with the Latin republics may to some extent have been cancelled out by its longish step back into the old days of political gamekeeping. In 1823, the year of the Monroe doctrine, the newly fledged republics had no reason to quarrel with the American policy of discouraging trespassers from outside the hemisphere. By 1954, when the foreign ministers of the Organisation of American States met at Caracas to discuss preventive measures against communism, the republics were no longer so ready to accept a reassertion of Washington's right to supervise their politics; keep-out notices were becoming increasingly irrelevant. Three months ago at San José the republics were marshalled into proclaiming publicly, if obliquely, their disapproval of Dr Castro's ties with the Soviet Union. This may have warmed faint hearts in Washington. But in Venezuela, to take one serious example, it has already made a difficult situation more perilous. Dr Betancourt, the Venezuelan president, who sacked his foreign minister, Señor Arcaya, for refusing to put his name to the resolution, is now finding his coalition government rocked by pressure from Señor Arcaya's political colleagues.

If the two American presidential candidates had not felt it necessary to outdo each other in anti-communist toughness, they might have discussed Latin America's troubles in more real terms. Perhaps it is unfair to listen too closely to a presidential candidate in the midst of a campaign. Several Latin American leaders have their own election commitments to live down. But what Mr Nixon and Mr Kennedy said may not have been received with the suspension of belief that, perhaps, it should have had. Although Mr Kennedy modified his first statement that the United States should attempt to strengthen the democratic anti-Castro forces inside and outside Cuba by explaining later that he only meant moral help, the first version may be the one that is remembered. Mr Nixon, by comparing Cuba's quarantine with the process that unseated President Arbenz in 1954, appeared quite unaware of the State Department's laborious efforts to live that incident down.

THERE is always watchfulness in Latin America for a repetition of the Guatemalan episode. Neither presidential candidate has given the watchmen any reason to relax. One of the troubles is that the Cuban-American quarrel has now reached a stage where neither side can do much more without stepping outside the Queensberry rules of cold warfare. A week ago, the American ambassador to Havana, Mr Philip Bonsal, returned home, probably for good. Cutting off diplomatic relations is still a weapon in store, but after all that has gone before, it is now a weapon without much edge to it. The cut and thrust of public exchange continue, but everything has already been said.

At the United Nations this week Dr Raul Roa, the Cuban foreign minister, has been accusing the United States of supplying military equipment to the Cuban rebels and, further, of planning invasion. Against the votes of the Soviet block, the Assembly put the Cuban case into cold storage by transferring it to the already over-burdened political committee; before this could be decided there were two days of familiar accusation and denial. The United States, for its part, has proposed that the six-nation committee of the OAS, appointed after the San José meeting in a forlorn attempt at mediation, should report on the military equipment that Cuba has been getting from the Soviet Union and Czechoslovakia: since Cuba refuses to have anything to do with this committee, the investigation would have to be at long-range.

On the economic battlefield, most of the possibilities are now exhausted. So far there is not much evidence for believing that economic attrition will induce the Cubans to throw Dr Castro out. He still supplies a running circus with his endless Churchillian speeches; the people still hope for the bread. The opposition, though reportedly growing, is scattered and without general support. Now that the political situation in Cuba has, in one way or another, been pushed from the chaotic centre to the very far left, the temptation is bound

to be felt in Washington to contemplate an extra shove that might help the counter-revolutionaries to do their job.

As both sides know, the one area where Dr Castro would be bound to lose his footing if he stepped out is the United States naval base at Guantanamo bay. On Tuesday, President Eisenhower reiterated the Administration's determination to take " whatever steps may be appropriate " to defend the base. The President also asserted that the United States would not agree to any abrogation or modification of the treaty that assigned it the lease. The treaty was signed in 1903, just after Cuba, with American help, had won its independence from Spain ; the rent is one thousand gold pesos a year, but Dr Castro allowed himself the fun of returning Washington's last cheque for £1,200.

The strategic importance of the base lies in its part in the control of the approaches to the Panama canal. (Dr Eric Williams, the prime minister of Trinidad, who is in London this week urging the evacuation of the American base at Chaguaramas, where they would like to have the West Indian Federal capital, has little chance of getting his way while Guantanamo, which is part of the same line of defence, is under threat.) The usefulness of maintaining a base on a territory that has become hostile, the morality of sticking to the letter of a 57-year-old treaty passed at a time when one of the principals had no say in the matter, are, for the moment, irrelevant ; that they are so is largely Dr Castro's fault. The question that overrides everything else is whether the base will provide a pretext for making the cold war hot.

The Cuban leaders have asserted that they would not dream of laying fingers on the base. On the other hand, they loudly accuse the United States of planning to fabricate a bogus incident ; and Washington, keeping step, has accused the Cuban government of faking the help that America is charged with giving to the guerrilla opposition.

The Cubans show every sign of being seriously afraid of what may come from Florida. When the editor of the government newspaper *Revolución*, touring in Russia last week, asked Mr Khrushchev to repeat his rocket-rattling promises, the Soviet leader did no more than underline the fact (already pointed out by others) that the original offer was " symbolic." Before the British snort over the idea of the United States behaving in so seemingly crass a way, they might reflect that four years ago the word " intervention " was used to cover a folly in Egypt. Perhaps with the elections over, the chances of United States military intervention in Cuba will vanish altogether. It may prove harder to get rid of the memories.

Whatever its final outcome, the Cuban episode has shown up how hard it can be for an American Administration, plagued by the malice that past history has generated, to stick to the search for a sounder and less lopsided relationship with the Latin Americans. A basic, though unwritten, principle underlying the Organisation of American States is that the United States and the twenty Latin republics are in partnership. But this partnership has not been made real, and Latin America feels its absence. The United States, suffering the penalties of the rich and powerful, has still to find a way of getting on with southern neighbours who might conceivably tolerate neglect or patronage, but not both.

NOTES OF THE WEEK

QUEEN'S SPEECH

Outs and Ins

Most of the seventeen new bills announced in the Queen's Speech were those that ministers had already declared to be under consideration. There were only three slightly unexpected excisions, and three or four minor surprise runners. Among the bills left out, Parliament is not, after all, being asked to proceed this session with the " comprehensive legislation covering health, safety and welfare in shops, offices and other non-industrial premises," about which some ministers have recently been talking. The timetable here is that the Government wants to overtake the somewhat untidy Offices Act which was passed as a private member's measure last session ; but as that act is not due to come into effect until 1962, the Government has decided that the 1961-62 session will be early enough for its own very complicated legislation. The promised commercialisation of the Post Office has also been held over, perhaps for the whole session (or perhaps only until budget-time ?). There was no mention of reform of the suicide law in the Queen's Speech, but the bill which would make attempted suicide no longer a crime is in draft, and it may still be squeezed into the programme. On the other hand the speech duly announced the expected measures about drink licensing, penal reform, road safety, management of British Railways (but only after the publication of a white paper and a parliamentary debate), weights and measures, trustee investments and pensions.

Pensions as Expected

Among these expected bills, that about pensions and other national insurance benefits has already been published. It takes the expected and unhappy form of giving a larger increase to the majority of better-off beneficiaries than to the minority of worst-off ones. A single person's pension goes up by 7s. 6d. a week and a married couple's by 12s. 6d., but national assistance payments (which are subject to a needs test) rise by only 3s. 6d. and 5s. respectively, so that the most needy people will have their total increase restricted to that amount. The new rates are shown in the accompanying table. The political advantages of this bill are that it will give most money to most people albeit in the most expensive way ; and that it will reduce the number of people who draw their payments subject to the needs test, at a time when the Labour party has somehow managed to make the recent rise in the number of those receiving needs-tested national assistance a political point against the Government. In fact, of course, this number rose last year because national assistance rates rose too, thus increasing the number of people qualifying for them. The point that national assistance payments for the needy rose last year, while pensions for

WEEKLY BENEFITS

	Pensions		National Assistance	
	Now	After April 3	Now	After April 3
Single person ..	50s. 0d.	57s. 6d.	50s. 0d.*	53s. 6d.*
Married couple	80s. 0d.	92s. 6d.	85s. 0d.*	90s. 0d.*

* Plus rent, which averaged 20s. 0d. a week at end of 1959.

the less needy did not, provides one of the arguments used by the Government for concentrating on help to the latter now.

In addition to pensions, all other national insurance benefits—unemployment, sickness, widows' and dependants' allowances, maternity grants, industrial injuries, the lot—are going up by the same general average of 15 per cent. The total increase in expenditure from the national insurance funds will be some £148½ million in 1961-62, but more in later years. War pensions will also rise in the same proportion, at an immediate cost of some £11½ million a year. The gross cost of the increases in national assistance scales would be £18½ million a year, but this will be considerably cut back by the fact that so much of the extra money that poorer pensioners will draw from their pensions increases will be docked off their national assistance (including rent allowance).

The increased benefits will be largely paid for by increases in weekly contributions from the insured. Employed men who have been contracted out of the 1959 Act's graduated pensions scheme will find themselves paying 11s. 4d. a week on their stamp (against 9s. 11d. now), to which their employers will now have to add 9s. 8d. a week. The political awkwardness of these high rates will be slightly diminished by the fact that men earning under £9 a week, who have been contracted into the new graduated pensions scheme, were originally to have had their weekly contributions reduced quite considerably from April 1st next; they will now have them reduced only from 9s. 11d. to 9s. 9d. a week instead. There will be no changes in the graduated contributions to be paid after next April by men earning over £9 a week who have not been contracted out of the new graduated scheme, so employers who have already worked out whether or not to enter that scheme will not have to do their sums again. The whole operation charted by the new bill is therefore administratively tidy as well (no doubt) as politically popular. But it does not include any of the new thinking about pensions policy which the country badly needs.

The Surprise Runners

AMONG the measures in the Queen's Speech that had been less generally expected, the project for a large underground garage beneath Hyde Park is discussed in Business Notes on page 595. Secondly, Mr Brooke is to introduce a bill that will deal with the practice whereby some landlords have been persuading tenants of decontrolled properties to sign contracts under which the tenants assume full responsibility for repair of the property—even when they are given little security of tenure, perhaps no more than a month. Any tenant signing such a contract must either have been duped or else cannot have sufficiently probed the possibility of getting alternative accommodation elsewhere; but there are plenty of bewildered and deluded people in the free market for tenancies just now, because the free market there is such a novel and narrow thing. The new bill will therefore be a welcome one in so far as it is a protection for victims of confidence tricks. But Parliament should watch carefully to see that it does not prevent any forms of tenancy that might come to seem quite sensible when the market for rents is ruled more thoroughly by economic considerations, and overlaid less massively by emotions, than it is now.

Oddly, a third slightly unexpected bill may seek to reduce the security of tenure of Scottish crofters, at the same time as the security for tenants of some houses and flats is increased. The Queen's Speech announced that amendments will be made to the Crofters (Scotland) Act of 1955 in order to accelerate the development of crofting and simplify administration. As two thirds of Scotland's 20,000 crofts are said to be under-utilised, the main reforms recently proposed by the Crofters' Commission were to amend the law on security of tenure, in order to allow the merging of crofts into larger units. But the crofters' representatives are strongly opposed to any extension of the commission's powers to reduce the number of crofts, and it will be interesting to see how far the Secretary of State for Scotland really dares to go.

A fourth new measure—the Land Drainage Bill—is far less exciting than might be imagined by those concerned about the effects of the recent floods. A white paper (Cmnd 916) of last December proposed that river boards should be enabled (if they wish) to raise some more money from landowners and to take on some small additional powers to spend it on urgent projects. The bill provides that the maximum charge should not exceed one shilling in the pound of the Schedule A value of any property. The idea is to give more initiative to the local powers that be to prevent flooding. But there have already been some rumblings of discontent, from Tory backbenchers as well as from the Labour party, protesting that more of the charge for flood protection should be laid on the general tax payer rather than on the individual farmer.

PARLIAMENT

Debate on the Address

THE first two days of the debate on the address have been a curious mixture of sombreness and gaiety—with Labour members, in the intervals between issuing manifestoes against each other outside, even more anxious than the Tories to indulge themselves in a little humorous sunshine inside the chamber. Mr Gaitskell's first appearance in the new session was awaited anxiously by his supporters, who gave him a rousing cheer; and his deft humour quickly won him the sympathy of five-sixths of the House. He was his usual reasoned self, concentrating mostly on short-term domestic issues and on not trailing his coat tails into dangerous foreign policy waters behind him.

In reply, Mr Macmillan's gloomy analysis of the international situation chilled the House's temperature by several degrees, but then raised it dramatically when he laconically launched his thunderbolt about the basing of Polaris-carrying submarines on the Clyde. Mr Gaitskell looked unhappy, the unilateralists outraged, the Wilsonites wrung their hands impotently, and a trembling Scot asked for a plebiscite of the northern kingdom. For the first time since Scarborough, the Prime Minister allowed himself a taunt: "I'd hesitate even to take a plebiscite of the party opposite." Mr Gaitskell smiled gallantly.

Last of the ballerinas to appear was Mr Harold Wilson, clutching, as Mr Maudling unkindly described it, his election address. His speech, which contained a good many bad jokes and some good ones—including a tribute to the *Sunday Times* for printing the Queen's speech in last Sunday's issue more accurately than the Commons printer (did he mean *The Economist?*)—would ordinarily have delighted the Labour benches. But the determination of the Gaitskellites not to laugh more than a very moderate amount rather detracted from its effect. He raked the Government with grapeshot spread wide, admitted that the Opposition had two policies on defence but the Government none, reproached the Chancellor for the high Bank rate, the Tory partly (rather oddly) for letting the *News Chronicle* expire, and for allowing Mr Clore and Mr Cotton not only to exist, but worse, to unite. The country, one gathered, was sinking into a materialistic abyss in which the highest prize (and moral value) was the possession of a tube of striped toothpaste. After this, it was rather difficult to grasp that Mr Maudling—with his praise for the wonderful way the Local Employment Act was giving employment to the locals of lately depressed areas, and his lyrical paean about enquiries (they seem to be no more) about exports pouring into the Board of Trade—was talking about the same country. One thing however was certain: Parliament was back.

RUSSO-GERMAN RELATIONS

Olive Branch

A WORLD inured to Mr Khrushchev's sudden shifts of mood ought not to be surprised to learn that in the last fortnight he has suddenly dropped his hostile attitude to—of all people—Dr Adenauer. The change first became apparent when the German ambassador in Moscow, Herr Kroll, called on Mr Khrushchev on October 18th to discuss the repatriation of German citizens in Russia. Mr Khrushchev, it seems, showed sympathy, and then went on to warn the Germans that their allies, particularly the British, might let them down

in Berlin at any moment. (To judge by the strictures of German journalists upon the pleas of British colleagues for more diplomacy during a meeting in Bonn organised by the International Press Institute earlier this week, the warning was hardly needed.)

The Germans ought to talk to the Russians, said Mr Khrushchev; Dr Adenauer was a good fellow, and ought to come to Moscow again. Not unnaturally the ambassador asked how this view fitted in with the various uncomplimentary things Mr Khrushchev was in the habit of saying about the Chancellor. They were of no importance, he was told gaily.

Two days later Mr Khrushchev repeated the Soviet thesis on Berlin and Germany in a speech in the Lenin stadium. The Bonn government evidently regards the absence of any attacks upon the Chancellor on this occasion as a further significant fact. The unpleasant incident between Dr Erhard and Mr Smirnov, the Soviet ambassador, was also smoothed over quickly and quietly.

Mr Khrushchev's unwonted gestures to Bonn can be interpreted in more than one way. Perhaps Mr Khrushchev, disappointed in his efforts to split the west by wooing Mr Macmillan, is pursuing the same tactical end by wooing the Germans instead. But perhaps, on the other hand, his recent suggestion that the German problem would be solved in 1961 was a serious one, and he wants to open the way to discussions on it. Whatever the interpretation the offer of an olive branch to Bonn ought to be welcomed in London. If east-west talks are to make real progress, the German question, in its largest sense, will have to be gone into. A decent relationship between Moscow and Bonn would obviously be a help then. Certainly Mr Macmillan's attempts to do business with Mr Khrushchev will have more chance of success if his German ally does not feel left out in the cold—and on a limb.

GERMANY

Bonn's Spy Trial

BOTH parts of a country that is divided, as Germany is, are bound to contain individuals with divided loyalties, others who choose at some stage to move across the frontier to the other camp, and yet others who pass on information of one kind or another. In general the westward movement of men, loyalties and information in divided Germany has been much greater than the eastward flow. But one former Bonn Christian Democratic deputy, Herr Schmitt-Wittmack, lives comfortably in east Germany today. And there have been several other celebrated and on occasion tragic episodes in the high life of Bonn—like the case of Dr John. This week the federal capital has been dismayed by the arrest of a Social Democratic deputy, a member of the Bundestag's defence committee, on charges of conveying secret military information to the communists in Prague.

Herr Frenzel has yet to be tried. His case will apparently come up sometime next year. So it is somewhat disconcerting to find the German press assuming his guilt already. In a country as near the front line as western Germany nerves are easily strained over such matters. Herr Frenzel is reported to have confessed. All the same, the first press reactions are a reminder of the difficulties of establishing and consolidating the rule of law in a country in the front line of the cold war.

It is perhaps unfortunate that the trial is likely to take place during the west German election campaign. On the whole the Christian Democrats have avoided exploiting the incident for party purposes, so far, but Herr Schäffer, the minister of justice, did take the opportunity to announce the arrest at a party rally. Another danger concerns the working of the Bundestag's defence committee, which has done valuable work in bringing a consensus of parliamentary feeling and opinion to bear on the new German forces. There is a danger now that the soldiers will give it less information than in the past, and thus make its work more difficult. That in turn could make difficulties for the Social Democrats. Herr Brandt recently complained that his party did not get enough information on defence policy. It may in future get still less.

LADY CHATTERLEY

Turn Up for the Book

THE long-awaited trial of *Lady Chatterley's Lover* for obscenity may have fascinated many newspaper readers (who did not have to sit through it) and absorbed the interest of literary experts. But for the ordinary lay observer who turned up on a press ticket it proved to be one of the dreariest actions ever heard outside the Court of Chancery. Most liberals will welcome the result; they have never accepted the argument that the public in England would be depraved and corrupted by being enabled for the first time to read all of Lawrence's works as he wrote them. Not everyone, however, will agree with the assessment of *Lady Chatterley* put forward by the defence. It may have been necessary to do so for defence purposes, but to claim that a book is not only of literary merit, but also of profound moral worth, embodying within itself themes reconcilable with Catholicism, Protestantism, Puritanism and Paganism, would seem to be claiming too much for any book, let alone for *Lady Chatterley's Lover*.

Still, the large number of witnesses—mostly literary experts, laced with a few parsons—had their effect: the jury obviously took them seriously, and Penguin Books was acquitted. The important fact about the case is that it shows that the Obscene Publications Act achieves what it set out to do.

The Economist

NOVEMBER 3, 1860

THE REPUBLICANS GAIN GROUND

¶ The election of a Republican Governor in Pennsylvania by a majority larger even than was hoped, leaves no doubt that that great State, which four years ago gave victory to Mr Buchanan and the Slavery policy, will this year retrace its steps and decide for Mr Abram Lincoln and his mild type of the Anti-Slavery policy. New York is yet undecided. The party which call themselves Unionists at all costs,—consisting of a fusion between the old Whigs and the less vehement Slavery men,—profess the utmost confidence of success. . . . But, be that as it may, it seems now little short of certain that the Republican party are at last gaining rapidly on their opponents: that they have taken distinct issue with them on the principle of extending or limiting the area of Slavery,—and that this rapid recent growth, therefore, must be interpreted as a genuine expression of a growing popular conviction in the North that the Southern policy on this question is aggressive, dangerous, and iniquitous. This is a most encouraging fact. . . . The indifference which permitted the election of Mr Buchanan by an immense majority at a moment when a monstrous civil war of Slaveholding origin was raging in Kansas . . . was scarcely intelligible to any English Liberal. We regarded it as a sign, not merely of political corruption, but of positive degradation, of the extinction of the spirit of true freedom in the United States. We now hope that we were too hasty,—that though these huge masses of electors are but slowly penetrated by any great moral conviction, we may yet see the nobler ideas at the root of all democratic institutions struggling with those vulgarer and grosser forms of democratic passion with which they are almost uniformly joined. We may hope to see the masses of the North give some practical illustration of their theoretic value for human liberty,—instead of prostituting it to denote the absolute right of a strong race to oppress all feebler races, and the right of crowds to tyrannise over all smaller groups of men. This is, of course, the characteristic sin and peril of democratic institutions: but till recently we had seen little or no indication that the conscience of the American people was in any way alive to it. Now for the first time we have some tangible grounds for saying that better and more equitable ideas of democratic equality are gaining way in the United States.

An eight-page survey of the issues, personalities and prospects of next week's American elections starts on page 545.

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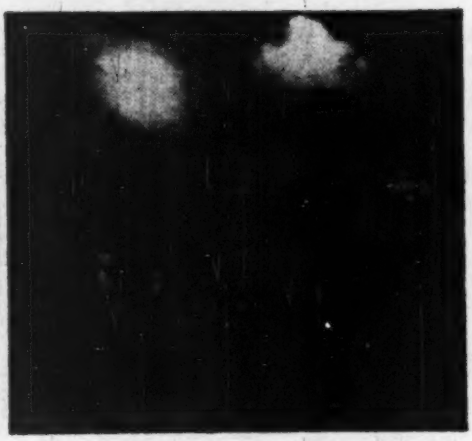
Oil refining at Kwinana, Western Australia, one of six refineries now 'on stream' in Australia. Its capacity is 3 million tons of crude oil per annum. A seventh refinery is now under construction in South Australia.
Below: A storage vessel for liquid petroleum gas of which some 5½ million gallons were produced last year.

AUSTRALIA BROADENS HER ECONOMY

Rapid growth in Australia's oil refining industry during the last decade has had far-reaching effects on the Australian economy. In 1948 Australia refined only 13% of her total petroleum requirement. By 1958 she was refining 90%. A swift succession of gains has followed: important savings in foreign exchange, a plastics industry that has gained pace and stature; and—perhaps most significant of all—an advanced petro-chemicals industry now being established. Australia's oil refineries number among the most modern and efficient in the world. For instance, the four largest—built between 1954 and 1956—have an aggregate cracking capacity of 34% of crude throughout. Total rated crude capacity stands at 11.6 million tons—to reach 14 million tons on completion of a current £A50 million expansion programme. These are impressive achievements in which Britain has been a major partner. British oil companies are just some among the many large overseas companies now participating in Australia's development. Australia welcomes them, and welcomes the contribution they are making to the continuing growth of her economy. Australian Government representatives in the United Kingdom will gladly supply information about trade, investment or migration. They are located at Australia House or the offices of the Agents-General for each State.



to protect serious literature with an incidental obscene content from suppression by law. It should not be forgotten that the Act had another purpose: to "strengthen the law against pornography." It is not true, as some people fear, that after Lady Chatterley's case anything will go. The police have sufficient powers to keep the worse sort of pornography in check, and peddlers of obscene trash will not be compassed round with the same cloud of witnesses (and lecturers and preachers) who this week came to the wordy support of one whom they honestly regard as one of Britain's greatest writers.

What is unfortunately true, however, is that the publicity roused by this case will increase the circulation of *Lady Chatterley's Lover* among precisely the sort of people from whom one would most wish to shield it. After the unsuccessful prosecution of Annie Besant and Charles Bradlaugh in 1877 had succeeded in raising the sales of "Fruits of Philosophy" (the first English tract on birth control) from a few hundred to over one hundred thousand a year, Chief Justice Cockburn commented that "a more ill advised prosecution" had never been brought. He might well be prepared to modify this judgment after the ill thought-out prosecution of *Lady Chatterley's Lover*.

JUNIOR MINISTRIES

Small Change

THE Government changes announced last week were in the main the logical outcome of last July's Cabinet reshuffle. The only really unexpected news was the departure of Mr George Ward to the House of Lords as a viscount, after an adequate and fairly tough stint of office as Air Minister; he has been replaced by Mr Julian Amery, the Prime Minister's son-in-law. The most widely welcomed promotion will be that of Mr Dennis Vosper to be Minister of State (after being under-secretary) at the Home Office. The creation of this new position is clearly intended both as a reward for the key part Mr Vosper has played in the preparation and passage of recent Home Office legislation, and to give him enhanced status and prestige as sponsor of the further reforms announced in the Queen's Speech. After a promising start as Minister of Health in 1957 Mr Vosper had to resign after only nine months—for health reasons. He did not return to the Government until October 1959. He was an obvious candidate for Health Minister last July but preferred to remain with Mr Butler to see the Home Office reforms through, and his detachment has now been rewarded.

Conservative members have also given warm approval to two new under-secretaryships: Mr Braine's appointment to the Ministry of Pensions and Mr James Ramsden's to the War Office. Both are able men, both are Butlerians, both were overdue for promotion. Mr Braine's career, after hanging fire for some years, seems now to have caught modestly alight; but in view of his Commonwealth interests the pensions ministry seems a somewhat strange choice. The Duke of Devonshire has been appointed to the Commonwealth Relations Office, not because he is Mr Macmillan's nephew but because, since Lord Home's translation to the Foreign Office, Commonwealth Relations has lacked a spokesman in the Lords. The right wing Mr Hugh Fraser's transfer to the Colonial Office has been regarded by some as a check to Mr Macleod, but his predecessor Mr Julian Amery was hardly a paladin of the left. Mr Godber's move from the Ministry of Agriculture to the Foreign Office may optimistically be regarded as an encouraging sign that the Government is prepared to tackle resolutely the obstacles presented by our current agricultural policies to entry into the common market—or else pessimistically deplored as an announcement that a man who knows all the difficulties has now been moved up to Mr Heath's right hand.

CHURCHES

The Holy Summit

THE forthcoming meeting of Pope John XXIII and the Archbishop of Canterbury caught the headlines of most British newspapers on Tuesday, and deserved to do so. This is not merely because nearly six hundred years have passed since a similar encounter took place—in 1397 under Richard II when Archbishop Arundel occupied the see of Canterbury—but because throughout the world there is a great desire that a start should at last be made in healing the scandalous divisions of Christendom.

Obviously, too much should not be expected to happen at once. Old suspicions and enmities die hard, and theological differences cannot be willed away by wishing that they did not exist. The Roman Catholic bishops in England, with the notable exception of Archbishop Heenan of Liverpool, a man whose breadth of mind and generous outlook are similar to Pope John's, have not been notably enthusiastic about the meeting (which seems to have been arranged without consulting them). Reactions from Protestant leaders have also been cautious, and the comments of some Scots Free Churchmen have been particularly crabbed. Yet the response from ordinary Roman Catholic and Anglican laymen has been overwhelmingly enthusiastic, and they should now be able to get together more without incurring ecclesiastical censure. After all, as far as Roman Catholics are concerned, they will only be being as papal as the pope.

The importance of the meeting is that it has brought home to the general public the fundamental change that has come about in Catholic-Protestant relations since the election of Pope John. This had already been evident to the student of ecclesiastical affairs, who had noted the appointment of Cardinal Bea as secretary of the commission for unity charged with preparing the way for reconciliation between the various branches of Christendom at the coming ecumenical conference, and grasped the significance of the presence of a Vatican representative (Mgr Willebrands) at the recent meeting in Scotland of the World Council of Churches. The Vatican has transformed the situation by throwing its weight on the side of the forces of conciliation and progress towards reunion. Ironically the man who has brought this about was dismissed by some on his election to the see of Peter as a "caretaker" pope. It looks as though his pontificate may turn out to be one of the most significant of modern times.

FRANCE

Seventh Year

MR FERHAT ABBAS'S statement in a speech in Tunis on Tuesday that no fresh negotiations with the French government could serve any useful purpose—"It is vain to believe that what was taken by force can be recovered except by force"—has further damped any surviving expectation in Paris of a new departure in Algeria.

Mr Abbas, the head of the Algerian rebel government in exile, believes himself to have returned from Moscow and Peking with full Russian and Chinese diplomatic support. He hopes to make a better showing in the United Nations debate on Algeria later this month than in previous years. He may be hoping for increased communist military support as well. Another factor is the suggestion by President Bourguiba of Tunisia, which Mr Ferhat Abbas has now welcomed, of a union between the rebel government and Tunisia, his calculation being that this might lead to a French invasion of Tunisia and then to American intervention. The upshot would be the "internationalisation" of the Algerian question. Speculative and dangerous though the calculations of both leaders are, they at least serve to demonstrate how far the Algerian problem is

THE MOTOR INDUSTRY IN 1961

The current issue of the quarterly research bulletin "Motor Business" examines the present position of the British motor industry, and contains market analyses and forecasts for 1961.

Other articles are devoted to

LABOUR RELATIONS IN THE BRITISH MOTOR INDUSTRY

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drifting out of French control. As *The Economist* went to press, it seemed unlikely that General de Gaulle would feel able to make a sufficiently generous offer on Friday to reverse this disastrous trend.

In France, these events have made such incidents as the disorders in Paris on October 27th, the opening of the trial of the January conspirators, and M. Soustelle's formation of a new political group, less alarming. In view of the new turn of events, M. Soustelle may decide to leave President de Gaulle to cope with Algerian difficulties undisturbed, for the time being. Even so, there is small comfort for the government anywhere. Now the churches are joining in the expressions of anxiety at the way things are drifting on. Protestant religious leaders, following in the wake of the French cardinals, have issued a statement of their views, and have proposed a joint approach by Roman Catholics, Protestants, Jews and Muslims to put pressure on both sides and end the war, now in the first week of its seventh year.

SOUTHERN RHODESIA

None So Deaf

SIR ROBERT TREDGOLD, who resigned on Tuesday as chief justice of the Federation of Rhodesia and Nyasaland, has tried before to warn his fellow countrymen of the dangers facing them. The question is whether they are able, or willing, to hear him. Early in 1959 there was such a public outcry, both in Salisbury and London, against the preventive detention bill produced by Sir Edgar Whitehead that he withdrew it and disguised it before putting it through the Southern Rhodesian parliament. Months later, after four more bills which showed scant respect for the courts had been passed, Sir Robert spoke out against inroads on the basic principles of law and liberty.

Now Sir Edgar is at it again. It is unlikely that he will give much ground under pressure of the kind offered by Sir Robert What could save a place for the settlers in the Rhodesia of the future is a widespread response to Sir Robert's call for a national government of moderates, willing to practise partnership as well as preach it. There is a little hope. In South Africa the belief in white supremacy seems immutable: it is based on the Afrikaner's religion and philosophy, which tells him that the non-whites are ordained by God to be inferior for ever. The English settlers in Rhodesia know colour prejudice too, but, as Tanganyika has shown, and Kenya may yet show, there is room for manœuvre.

The trouble is that it is probably too late for manœuvring. African nationalists believe they are in a strong enough position to demand all or nothing ; they will remember the fancy franchise designed by Sir Robert's commission in 1956, and it is only too likely that they will deny him their support. Meanwhile the Dominion party opposition, which looks longingly towards South Africa for inspiration, is sure to gain ground. The *indaba*, or national convention of the races, the suppression of the white-fanatic Rhodesian Republican Army, and Sir Robert's grand gesture are encouraging developments. Opinion in Britain will be watching to see how far Rhodesia lets them go. Mr Macleod said in London on Wednesday night that the central problem of 1961 in Africa will be the success or failure of British policies in the multi-racial countries, especially Kenya and the Federation. Lancaster House may have solved the problems of 1960. Next year's battles will have to be fought out in Salisbury.

PERSIA

Son for the Shah

WHEN she married the Shah of Persia last December, Queen Farah was known to be young, beautiful and a commoner by birth. Since then she has endeared herself to her subjects by her energetic and conscientious travels round and about the country. She has now also done what was expected of her when she married the Shah by producing on Monday an heir to the Peacock Throne.

Becoming the father of a son would have been one of the most popular things that the 41-year-old King of Kings has ever done—even without the bonanza of a 20 per cent rebate on all this year's taxes that has been granted the Persians in honour of the birth. He already has a daughter, Princess Shahnaz, by his first wife (Princess Fawzia of Egypt) but only men may succeed to the Persian throne. If there is no direct male descendant, the Shah may nominate his heir. Shah Mohammed Reza Pahlevi had not yet done this. There were several candidates, including his half-brothers, the sons of his father's third and fourth wives. The trouble was that it seemed unlikely that any one of the candidates would have been able to take over the throne with the amicable assent of the others. This constitutional tangle has been swept away in the simplest way by the accomplished Queen Farah.

UNITED ARAB REPUBLIC

Visas for Journalists

ONE of the ways in which the union between Egypt and Syria might usefully be more firmly cemented concerns the issue of visas to journalists wishing to visit the Syrian region of the United Arab Republic. Last weekend, the Middle East correspondent of the *Guardian*, Mr Michael Adams, was inexplicably and peremptorily expelled from Syria 36 hours after he arrived in Aleppo on a holiday trip with his wife. Mr Adams, who has travelled much in Syria over the last five years, blames this discourtesy on the over-zealousness of a single official, and hopes that he will have better luck next time.

Other Middle East correspondents have been less fortunate than Mr Adams ; for some years several of them have not been able to obtain visas to enter Syria at all. This ignores the fact that they can enter the Egyptian region without difficulty. A particularly illogical case was that of a correspondent who last year obtained permission to enter Syria from no less a person than Mr Zakharia Mohieddin, the minister of the interior of the United Arab Republic, only to have the ministerial signature disowned by the Syrian frontier authorities—who may not be a law to themselves, but in matters of this kind are behaving as if they were.

The Economist's Middle East correspondent has been a marked sufferer from this frontier schizophrenia. After having visited Syria regularly during 1957, he was first refused a visa in March, 1958. Since then his subsequent applications have been consistently rejected and the intercessions made on his behalf by prominent Lebanese and Syrian citizens have been to no avail. In September last year he did obtain a Syrian visa in Amman, and went to Damascus on a holiday trip, with his wife and two children. When he got there he was summoned to the *Sûreté* and given three hours to leave the country with his family. The only reason given was that his name was "on a list." He was not given the opportunity to argue his case with any higher authority, then or since. Can this sort of thing serve any possible Egyptian, Syrian or United Arab interest ?

WAGES

More For the Engineers?

WORKERS in the engineering industry have not had a straight pay increase for two years. The engineering employers are to give their answer on November 23rd to the claim for a £1 a week increase tabled by the Confederation of Shipbuilding and Engineering Unions. It seems a foregone conclusion that the employers will be making an offer—perhaps of around 4 per cent—if only because workers in so many other industries have been given more pay this year. The most recent straws in the wind have been the 7 per cent increase granted by the electrical contracting industry in exchange for a wage freeze for 2½ years ; and the building trade workers' rejection of a 3½ per cent increase (they have now put forward a claim for a 6 per cent rise and a shorter working week sooner than the employers want to grant it). The engineering employers also feel that the Government would not stand for a strike involving almost half the country's export production. They say that the Government ratted on them when they wanted to fight it out in 1957, and, despite the policy of non-intervention declared by Mr Hare, the present Minister of Labour, they do not trust the Government not to step in again and urge an amicable and expensive settlement.

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cern only the basic wages paid in the industry—£7 17s. 4d. a week paid to labourers and £9 6s. 8d. paid to skilled fitters in all kinds of engineering plants and workshops all over the country. The basic wage is, however, paid to less than 10 per cent of the labourers and less than 1 per cent of the fitters; most engineering workers are paid on piecework, which often gives them more than twice as much as the basic wage although on a formula which usually rises when the basic wage does. It is recognised by both sides that an adjustment of the basic wage directly affects the earnings of three million workers in engineering, while indirectly it has repercussions on the pay of salaried staffs in the same firms. An increase for engineering workers is bound to be used in turn by those in other industries to justify wage claims. A further point to note, when assessing the claim, is that the engineering workers were granted a reduction in the working week from 44 to 42 hours in March this year, which entailed an increase in the piece-rates according to which most of the workers are paid.

The unreality of the way in which the national wage is negotiated may seem to strengthen the case for saying that if all engineering wages should really be negotiated at plant, rather than national, level. But the two most conspicuous groups of engineering employers to stay outside the Federation—Ford and Vauxhall Motors—have not been preserved from troubles by staying outside; one has suffered a long record of unofficial strikes, and the other is in the midst of redundancy problems. Nevertheless, it seems a pity that wage negotiations of this importance should have to be carried on without any official recognition of the need to pay different wages in different parts of the country; and that the last round of this year's wage contest should already be looking like the first round of next year's inflationary sequel.

SOUTH TYROL

The UN Takes a Hand

For once the airing of an international dispute in the United Nations General Assembly has had a calming rather than an exacerbating effect. The Austrian complaint against Italy over the South Tyrol arouses no strong feelings outside Italy and Austria and cannot easily be exploited for cold war purposes. Undisturbed, therefore, by extraneous issues, the Argentine, Irish and Mexican delegates were able to hammer out a compromise resolution that happily saved everyone's faces and reopened the door to bilateral negotiations. This the Assembly accepted by acclamation in plenary session on Monday. Under this resolution, Italy and Austria undertake to resume bilateral talks and try to resolve all difficulties between them. If satisfactory results are not forthcoming within "a reasonable period," they will consider reference to the International Court at The Hague "or any other peaceful means of their own choice."

Both sides profess themselves gratified by this outcome—and both with reason; but the Italians have perhaps the more reason to be pleased. The Austrians have seen their grievance given an unexpectedly long airing at the United Nations; moreover, they feel that their efforts to negotiate with Italy over the South Tyrol now have the backing of the United Nations. The Italians, on the other hand, have the satisfaction of knowing that the whole tenor of the UN debate was definitely opposed to the basic Austrian demand that the province of Bolzano (with its German-speaking majority) should be given separate autonomy. It is also an Italian success to have got the Austrians even to consider taking the dispute to the International Court—a step that they have always steadfastly opposed on the grounds that it would take too long and that their dispute is political rather than legal.

The extremists in the South Tyrol, whose ultimate ambition is not autonomy but secession to Austria, will not be pleased with a resolution that clearly plays for time. The Italian government is already removing the concrete grievances of housing, language and so on, on which agitation has flourished. The much-resented flow of Italian immigrants into Bolzano province has ceased, and the Germans from the country districts are beginning to take jobs in the Italian-owned factories. If the Italians play a sensible, liberal and tolerant hand, time would seem to be on their side. But will the extremists try to stop the clock?

TURKEY

Purging the Professors

The sudden dismissal on October 27th of over 140 Turkish university professors and lecturers was perhaps the most surprising decision yet taken by General Gürsel's government—so surprising, in fact, that some of those dismissed are said to have thought at first that it was merely a joke. Their reaction was understandable. Outside the army, the students and their teachers have been the most enthusiastic supporters of the coup of May 27th and of the new regime; and some university staff are said to have shown a most unacademic bloodthirstiness when discussing the future fate of Mr Menderes and his colleagues.

Those dismissed—curiously enough, on the same day as the publication of a new law giving the universities administrative autonomy—are now alleged to have been lazy, incompetent, slow to carry out academic reforms and too prone to occupy themselves with jobs outside their university. Their colleagues, however, and their students did not hesitate to show deep disapproval of their removal. Mr Sidik Sami Onar, rector of Istanbul university, who played an important part in the anti-Menderes student demonstrations in April and who has been chairman of the constitutional commission, has resigned; so have the heads of three other universities. In Ankara a delegation of professors has protested to the National Unity Committee, and General Gürsel has received a deputation of students.

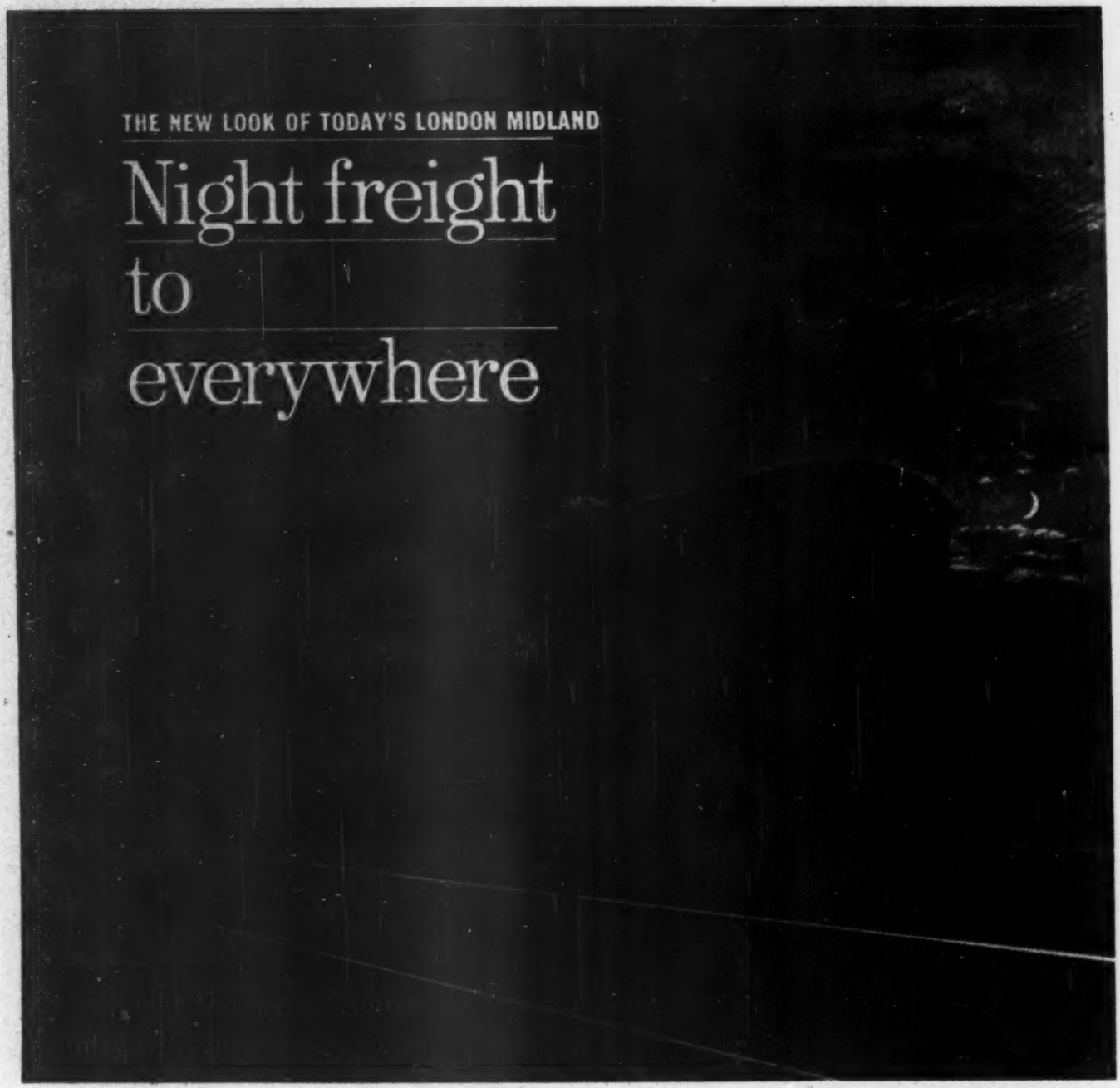
Clearly, purging the universities is not going to be such plain sailing as purging the army and the cabinet has already proved to be. The regime has been sufficiently impressed by all the disapproval it has stirred up to do some backtracking. The ruling committee has announced that it is prepared to "review" the dismissals, and General Gürsel has comfortably assured a visiting professor that if a mistake has been made it will be corrected. One would like to know who was really responsible in the first place. Whatever the justification for the allegations against the professors, their sudden and wholesale dismissal looks like the work of the more impatient and inexperienced younger officers on the national unity committee. The pulling and pushing between their impatient radicalism and the relative caution of men like General Gürsel can hardly fail to bring unpleasant surprises from time to time.

SCOTLAND

Self-Help?

Scotland's natural resources might be thought to be reasonably well surveyed. But the Scottish Council (Development and Industry) does not agree. The symposium that the council held in Edinburgh for the first three days of this week is merely the beginning of an inquiry that is to continue for four years. The work to be done on physical resources may fill some gaps, although, in a country with a generally adequate supply of rain, Scottish science may be forgiven for having failed to discover the precise catchment areas where it all goes to. Some mineral deposits may help local development in parts of the Highlands. To find more shale oil anywhere would only be an embarrassment.

The real assessment that Scotland still needs to persevere with is in the management of its main resource—manpower. The papers on this question, submitted to the symposium on Wednesday, reached a good standard. It may be desirable to think about a fifth Scots university (which would be the first foundation since the sixteenth century), but will its graduates merely join the rest in believing they can best seek their livelihood outside Scotland? The cumulative effect of this emigration by the enterprising in the last fifty years is beginning to be all too apparent, not least in the necessary introduction of a new managerial class from England since the war. Sir Alexander Fleck's pointed comparisons between English and Scottish industrial practice need to be taken to heart for the future. The Scottish Council's own activities in recent years have done a good deal to point the way.



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America's Choice

Democratic		*Republican*
JOHN F. KENNEDY	*President*	RICHARD M. NIXON
LYNDON B. JOHNSON	*Vice President*	H. CABOT LODGE

Polling Day—Tuesday, November 8th

WASHINGTON, DC

ON Tuesday the Americans will mercifully bring to an end an election campaign which has made the Sibyl the patron saint, and Delphi the spiritual home, of those whose job it is to forecast the result. The outcome has been uncertain, and prophecy necessarily obscure, for two reasons. The first is that it has taken the better part of the campaign for the electorate to get to know Mr Nixon and Mr Kennedy well enough to discover how unexpectedly different they are from each other. (This is the first election in 32 years in which neither candidate has been familiar to the voters either as an incumbent President or else as a national hero.) The second is that, similar though some of their proposals look on the surface, Mr Kennedy and Mr Nixon have in fact invoked two quite different aspects of the American spirit. Mr Kennedy's appeal has been to that dissatisfaction with things as they are and that readiness to experiment which most foreigners still think of, perhaps wrongly, as typically American. Mr Nixon, by contrast, has spoken to a newer element in the national character —a wary conservatism mixed with a good deal of self-satisfaction and a strong reluctance to believe that America's troubles are America's fault.

The campaign has been divided into three parts. The first stage was marked by Mr Kennedy's attempt, and failure, to create an unbeatable Rooseveltian coalition consisting of the northern cities, the farmers and the South. The coalition was a failure because the enticements offered to the farmers and the South—a new farm policy and the Vice Presidency, respectively—proved insufficient to woo them simultaneously from their inherent dislike of liberals and Roman Catholics. By this time Mr Nixon had devised the skilful strategy to which he has stayed faithful ever since. It was designed to reproduce President Eisenhower's nation-wide attractiveness by combining a vague liberalism in domestic matters with a claim to be more experienced than Mr Kennedy in world affairs. Clearly this first round went to Mr Nixon.

The second stage marked Mr Kennedy's powerful revival. This began with his success in the opening television debate with Mr Nixon and was reinforced by Senator Lyndon Johnson's skill in recapturing the support of some of the recalcitrant Southerners. At the same time it began to look as if the religious issue had given almost as many Roman Catholic votes to Mr Kennedy in the northern cities as it had taken Protestant votes away from him in the farming states and the South. The Senator began to draw enormous crowds of people visibly delighted by his enthusiasm, his candour and his concern for the state of the nation; the only question was whether he had reached the top of his form too soon.

The third stage has occupied the last two weeks and has consisted of Mr Nixon's attempt to overtake Mr Kennedy's lead by exploiting the Senator's errors. The Vice President's own campaign has not been entirely free of mistakes (his biggest one was to agree to the television debates and thus, in effect, to introduce Mr Kennedy to the viewing public), but he has not opened his guard as many times as has his rival. In the first place, Mr Kennedy's farm policy has given urban housewives palpitations about higher prices without winning an appreciable number of extra votes among the farmers. In the second place, his assertion that Quemoy and Matsu are indefensible has enabled Mr Nixon to discharge that Jovian disapproval which Republicans reserve for appeasement and softness towards communism. In the third place, Mr Kennedy has allowed a nagging tone to creep into his justifiable comments on the decline of America's authority in the world; as a result he has been accused of "running his country down." Mr Nixon has been drawing bigger crowds in the last few days.

Since last week Mr Nixon has had, for the first time, some really effective support from Mr Eisenhower, who has at last begun to address his niblick to Democratic heads. Mr Nixon is no longer the modest figure he was a month ago; he is now hitting hard, even savagely (although Mr Kennedy's remark that Mr Nixon has "presided over the communisation of Cuba" still stands as the blow of the campaign most reminiscent of the "old Nixon"). But even greater changes have been forced on Mr Kennedy. He has been compelled to rely primarily on the industrial region between Boston and Milwaukee (with its high proportion of Catholics and unswerving Democrats) together with parts of the Far West and the South.

If Mr Nixon wins, it is likely to be by a small margin, and his victory will have three implications. One is that Mr Eisenhower's popularity is more transferable than most observers thought. The second is that Protestant fears about a Papist in the Presidency go deeper than people have been willing to admit in their interviews with the pollsters. The third is that a rather world-weary country, accepting Mr Nixon's assurance that basically all is well with America, rejects the proposition that the misfortunes of recent years require the most strenuous new exertions. If Mr Kennedy wins, on the other hand, it will be because of the appeal of his fresh personality and because anti-Catholicism is less powerful than was feared; above all, it will mean that the country is still willing to respond to the brisk challenge that he has put to it.

Since it is every correspondent's duty to stand up and be counted, this one predicts that the lead which Mr Kennedy amassed in the second stage of the campaign will be sufficient for him to withstand Mr Nixon's counter-attack in the third stage; and that Senator Kennedy will win by a fairly modest majority of the popular vote transposed—by the peculiar mechanics of the American system—into a comfortable majority of the electoral college.

Every Issue Leads to Moscow

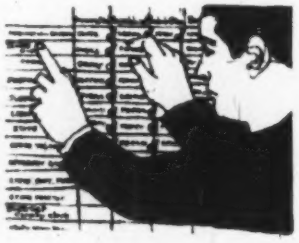
WASHINGTON, DC

LIKE an artichoke, an American election requires a great deal of peeling before the heart of the matter is reached. For every issue that has an important effect on the outcome of the campaign there are half a dozen that do not. The earnest searcher after truth must learn to recognise, for instance, the issue that has far less effect than might be suspected because the hard-headed electorate can see that it is pure campaignmanship. Such a gambit is Mr Nixon's resolute undertaking to set foot, if elected, in every country in eastern Europe from which a worthwhile number of American voters happen to claim their origin. Another sub-species is the topic which is genuinely important but too esoteric to sway many votes outside the editorial office of the *Wall Street Journal*. The debate over who is to blame for the recent rise in the price of gold on the London market is a good example. This campaign has seen only a handful of significant issues; only one or two of them—apart from the still obscure question of Mr Kennedy's Roman Catholic faith—have been of decisive importance.

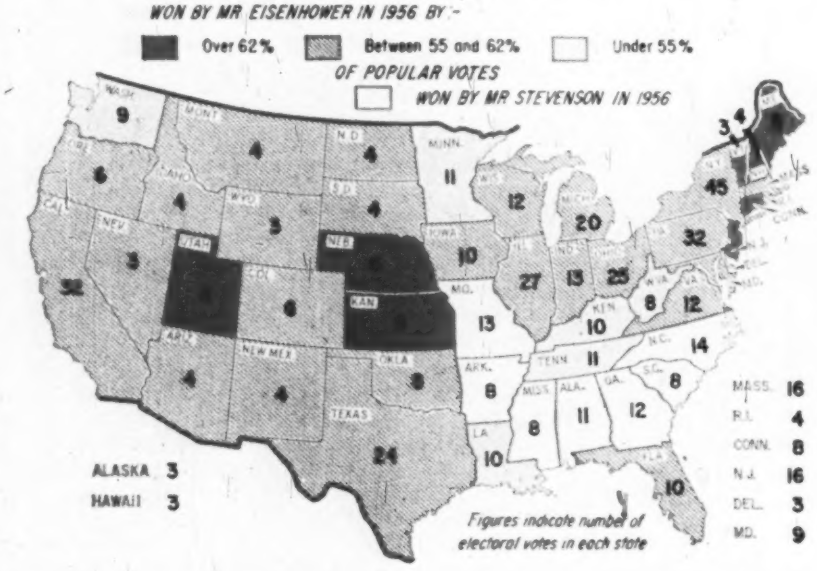
The enormous difference between the candidates' policies on agriculture seems to have left most voters quite unmoved. If Mr Kennedy had hoped that his offer to raise the farmers' incomes by regulating their production more strictly would bring cheers from the farms, he must be bitterly disappointed. Practically none of the farming states seems likely to vote for him; the mystery is whether it is his Roman Catholicism, his Bostonian accent or the restrictions he proposes which offend them most. Mr Nixon, on the other hand, who put forward a plan differing very little from that which has made the present Secretary of Agriculture's name a dirty word on the prairies, has apparently not suffered at all as a result. The only substantial effect of the whole debate has been (disconcertingly for Mr Kennedy) to detach from the Democrats an unknown number of city voters upon whom it has dawned that higher prices on the farms mean higher prices in the supermarkets as well.

Nor has the explosive subject of civil rights for Negroes produced as big a bang as expected. This is largely because Mr Nixon has tried to handle it a little too cleverly. His attempt to win support in the segregationist South and yet at the same

How Americans Vote



THIS year there are 107 million civilians in America, 56 million of them women, and another 2 million members of the armed forces old enough to vote—that is, over 18 in Georgia and Kentucky, over 19 in Alaska, over 20 in Hawaii and over 21 in the other 46 states. But this total includes many who are in fact not able to vote—aliens, residents of the District of Columbia, criminals, imbeciles and people who have not satisfied residential or other requirements. These vary from state to state, since voting qualifications and all other electoral matters are fixed by state, not federal, law. Registration, which is usually a precondition of voting, has been heavy this year and it is estimated that about 80 million people are in practice eligible to vote on Tuesday. Members of the armed forces and their families, whether overseas or not, may cast absentee ballots as may others who are away from home. In the 1956 presidential election 60.4 per cent of the civilian population of voting age actually went to the polls; the record was 62.7 per cent in 1952. Similar percentages this year would mean a total vote of from 64 to 67 million.



ON November 8th, the first Tuesday after the first Monday in November, the citizens of the United States will, as their Constitution directs, choose not their President, but presidential electors. Not until December 19th will these assemble in turn to cast their votes for the candidates and not until January 6th will their votes be counted by Congress meeting in joint session. Then either Senator Kennedy or Vice President Nixon will be declared 35th President of the United States.

The Founding Fathers invented this cumbrous arrangement to frustrate demagogues and to increase the power of the smaller states. This year there are 537 electors—the new states of Alaska and Hawaii are voting for a President for the first time—and a candidate must have 269 votes, a clear majority, to win. Each state has the same number of electors as it has Representatives in Congress, which is determined by its population, plus the regulation pair of Senators. The electors were originally intended to use their independent judgments when voting, but a tradition soon grew up by which each of the parties presents a "slate" of electors, all usually pledged to their party's nominees, and the voters choose blocks rather than individuals. In consequence, however small the popular majority a candidate may have in a particular state, he normally gains all its electoral votes.

A complication this year is that, as a result of southern dissatisfaction with the official Democratic candidates, "unpledged" electors, not bound to Senator Kennedy, are on the ballot in several states. As well as the Republican and Democratic nominees there are in a number of states candidates representing the Socialist Labour party (Marxist), the Socialist Workers party (Trotskyite), the Prohibition party and several others; but neither the Communists nor the Socialists are running a presidential candidate this year.

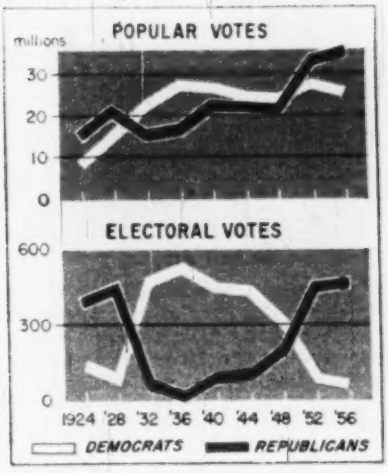
time to hold on to his good reputation among Negroes has produced a visible contrast between the speeches he has made in different parts of the country. The effort has also been too much for his vice-presidential candidate, Mr Cabot Lodge, whose flat-footed "promise" that there would be a Negro in Mr Nixon's cabinet quite disrupted these delicate manœvrings. Mr Kennedy, on the other hand, dealt with the problem in a far more practical way. The Democratic convention having approved an uncompromisingly liberal programme on Negro rights, he simply sent Mr Lyndon Johnson to tell the South that it had better co-operate if it wanted to be in the good books of the next Democratic President. The probable result is that most Negroes will stay in the Democratic camp—among those allowed to vote, that is—and that Mr Kennedy will lose fewer states in the South than once seemed likely.

Social welfare is the other subject which has produced fewer repercussions than an ardent reader of party pamphlets might have guessed. Mr Nixon, embracing the ideas of Governor Rockefeller and his party's left wing, has adopted policies on education and health insurance for old people not dramatically less liberal than Mr Kennedy's, and there has been remarkably little discussion of federal aid for housing or for the unemployed. To an observer following the campaign trail it seems that Mr Kennedy's ideas in this field have created little stir except in the major cities, most of which would have given him a majority in any case. In general, it is fair to say that Mr Kennedy has aroused the average voter's interest in these domestic matters only to the extent that he has managed to link them to the task of keeping up with the Russians.

There remain those perennials of every election, peace and prosperity. Neither side has won a decisive advantage from the present state of the economy. It is not convincing for Mr Nixon to tell people that they never had it so good when nearly 6 per cent of the labour force is out of work. But the economic indicators do not forecast a recession unequivocally enough to bring large numbers of extra votes to the Democrats.

Thus, once again, Mr Kennedy's strongest point is his assertion that the present situation, inconclusive though it is, is patently not good enough to meet the demands of the cold war.

Apparently Mr Kennedy, in aiming for an annual economic expansion of up to 4½ per cent a year, is relying chiefly upon the stimulating effect of the large increases he plans to make in government investment; he thinks that only about a quarter of each year's extra growth would have to depend



While it is possible for a candidate with a minority of popular votes to get a majority of electoral votes, the chief effects of the electoral system nowadays are to exaggerate a victorious candidate's majority and to increase the political importance of the big states so that campaign strategy is determined by the distribution of electoral votes. All the innumerable forecasts of how these will in fact be distributed are conjectural but all put Mr Kennedy ahead, and all agree that Mr Nixon cannot win without pulling in states which are leaning to his opponent. Each seems to have a solid block of 16 or 17 states on which he can count, but Mr Nixon's gives him only about 90 electoral votes while Mr Kennedy has some 220. This means that Mr Kennedy will win if he can pick up any two of four big states—California, Pennsylvania, Illinois and Texas—which remain uncertain while Mr Nixon needs them all and as many others as he can add; New York is now considered safely in Mr Kennedy's pocket.

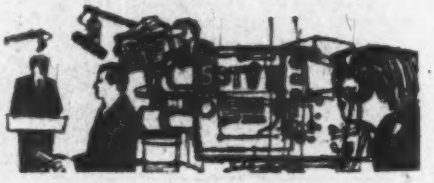
ABOUT 60 per cent of the voters will cast their ballots by machine; these save time both in the polling booth and in tabulating results, since votes are counted automatically as they are recorded. The voter either pulls a single lever to cast all his votes for his party's "straight ticket" or, if he wishes to split his vote, he pulls individual levers next to each candidate's name. The latter practice requires a good deal of sophistication since the voter may have a choice of up to 500 names.

This is because on one and the same day he has to choose not only a President and Vice President but also a Representative in the United States Congress and sometimes a Senator (they serve for six-year terms), a Representative in the State Legislature, perhaps a State Senator and State Governor, and numerous other executive and judicial officials for state, district and county. In addition the voters may also be asked to approve bond issues to finance state and local projects and various other propositions, so they certainly need labour-saving devices. This year particular importance is attached to the elections for State Legislatures since these will have the task of redrawing the boundaries of congressional districts to accord with changes in population shown by this year's census.

Democrats are now in the majority in the United States Senate by 66 to 34; they hold 23 of the 34 seats at stake in November to 11 held by Republicans, and in practice it is impossible for the Republicans to overturn this majority. In the House of Representatives, where all 437 seats are at stake, the present position is 283 Democrats to 154 Republicans; only if their presidential candidate wins in a landslide have the Republicans any hope of gaining the 65 seats which they need.

on the encouragement of private enterprise through tax reliefs. Mr Nixon, since his speech at Harvard in 1958, has been committed to operating principally through larger carrots for the private sector of the economy. But neither man, regrettably, has spelled out in convincing detail how his proposals will achieve the faster rate of growth which they both say that they want.

The hallmark of this election is the way in which almost every domestic issue—even the plight of the Negroes and the country's embarrassing surplus of food—has been set in the context of foreign policy. This is the most important factor working in Mr



Kennedy's favour. On some of the specifics of foreign policy—Cuba and the islands off the coast of China, for example—he has made mistakes which have probably cost him votes and have also confirmed his worrying tendency to jump feet first into situations where angels would fear to tread. But on the heart of the matter, the decline of America's authority in the world, he has caught the sympathetic attention of a great many Americans. He has insistently drawn together all the other threads of the campaign—education, slum clearance, the level of steel production—to this central point, and has courageously told people that the restoration of strength may call for sweat and tears. The Republicans are usually favoured by a period when there is, if not exactly peace and prosperity, at least what logicians would call not-war and not-slump. This year Mr Kennedy may persuade the Americans to look on their condition with a new and more sceptical eye.

Gunpowder and a Guy

WASHINGTON, DC

It is lucky for Mr Kennedy that Americans do not celebrate Guy Fawkes night this Saturday. Those blazing effigies of another Roman Catholic whose designs on the seat of political power were frustrated in the nick of time might well have provoked an answering blaze of anti-Catholic sentiment in Tuesday's election. Mr Kennedy's religion can still make or break, no one knows which, his chances of becoming President. The pollsters and the politicians admit that it is simply impossible to calculate how many Protestants are going to be seized by visions of Romanist tyranny when they enter the polling booths. Not having Guy Fawkes to fall back on, the very powerful forces which oppose the election of a Roman Catholic used last Sunday—the anniversary of Luther's thesis-nailing at Wittenberg—to renew their attack on Mr Kennedy. Protestant ministers in many parts of the country tried to exorcise the Democratic candidate from their pulpits. The post has brought a further outpouring of queerly mixed anti-Catholic literature, ranging from reasoned sermons on problems of divided conscience to incoherent and fanatical tracts.

On the surface (but the surface is a poor guide to such deep-running animosities) the religious issue looks like costing Mr Kennedy fewer votes than once seemed probable. After the first shocking outbursts of anti-Catholic propaganda in the summer Mr Kennedy appeared to calm the storm by bluntly saying, to a group of Protestant ministers in Houston last September that no priest was going to tell him how to behave as President. There was a reaction in his favour when Dr Norman Vincent Peale, the popular New York preacher, first dipped his toe into the anti-Kennedy campaign and then showed the power of positive thinking by rapidly extracting it again. This incident clearly frightened many Republican Roman Catholics into Senator Kennedy's camp and persuaded the influential Jewish community, which would have preferred Mr Stevenson to be

the Democratic candidate, to throw its weight behind the Senator in the name of religious tolerance. The net effect seems to be that Mr Kennedy, though he will get fewer votes in predominantly Protestant areas than a non-Catholic Democrat would have got, will be helped very considerably in half a dozen crucial big states where Roman Catholics constitute up to a third of the total population.

Perhaps the Democrats' fears have been exaggerated. It may be that the militant champions of a Protestant America have now retreated into the rural backwaters of the Middle West and South and that Protestants who live cheek by jowl with Catholics in the big states of the Northeast have discovered how to separate church and state in their minds. Voters who have learned something about Mr Kennedy in the campaign must have realised that he is not exactly a priest-ridden man in politics or anything else. But there are still some grounds for disquiet. Democrats are doing unexpectedly badly in Minnesota and one of the chief reasons is thought to be Lutheran hostility to Mr Kennedy. There was a noticeable stiffening of Protestant necks this month when three Roman Catholic bishops in Puerto Rico, as if to confirm people's fear of hierarchical bullying, told their flocks not to vote for Governor Muñoz Marin.

Hopeful Democrats who point out that Mr Kennedy won the primary election in heavily Protestant West Virginia this spring have to remember that fewer people, and these mainly committed party enthusiasts, turn out to express their preferences for a party's presidential nominee than for general elections. It is small comfort for Democrats that, on the previous occasion when a Roman Catholic opposed a Quaker for the Presidency (in 1928), Al Smith took West Virginia in the primary and was swamped in the general election. It is still just possible that the same problem will give Mr Kennedy cause to "Remember, remember the eighth of November."

Two on the Stump

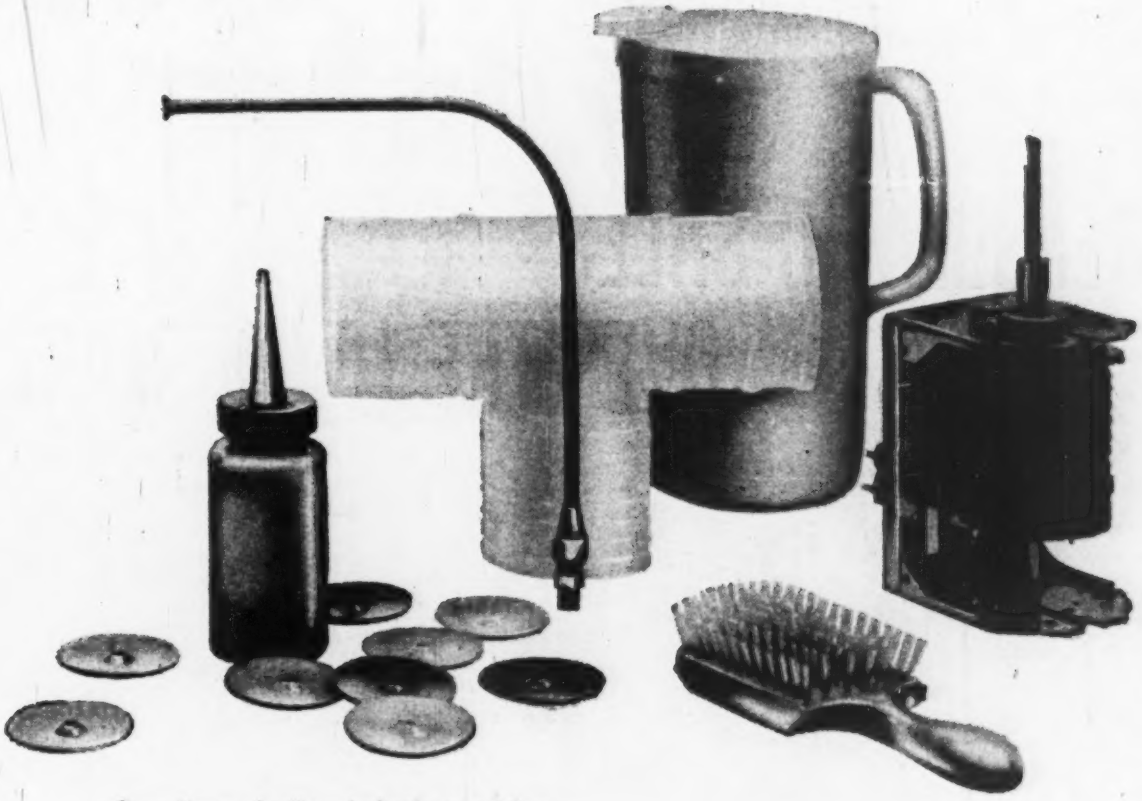
DAYTON, OHIO

The never very convincing idea that Mr Kennedy and Mr Nixon are the same kind of person vanishes when they are seen stumping the country. The difference can best be described by saying that, whereas Mr Kennedy seems to be chiefly preoccupied with the thoughts he is trying to express (so preoccupied, indeed, that he sometimes fails to transmit them very well), Mr Nixon seems to be preoccupied with the impression he creates in his listeners' minds. The main point of Mr Kennedy's speeches is usually an appeal to logic, that of Mr

Nixon's an appeal to feelings. One ironic consequence is that Mr Kennedy, whom the Democrats chose as their candidate partly because they thought he would avoid Mr Adlai Stevenson's mistake of talking over the electorate's head, is still far nearer to Mr Stevenson's level of discussion than he is to Mr Nixon's.

It is surprising that Mr Kennedy should be as successful with crowds as he is. It is true that his style of speaking has improved enormously in the past two months. The quotations and allusions now come more sparingly (and more pointedly) and his cadences have acquired the first touch of music; he has at last managed to impose a rhythm upon the succession of brief phrases he used to hurl like hammers at his audience's heads. But in Ohio his voice was still a little harsh, his delivery more than a little tutorial.

Nevertheless, the crowds seem to be impressed, even enthusiastic. This can be explained only partly by the fact that he is young and good-looking (though the noise level in his audiences would be sharply reduced by the exclusion of the teen-aged girls who squeal and bounce like the football cheer-leaders they undoubtedly are). The crowds' responsiveness may be due in part to Mr Kennedy's easy and patrician informality. There is a relaxed assurance about the way in which he perches on the back seat of his car in a "motorcade," reaches out for well-wishers' hands, and flashes an extraordinarily engaging smile at ecstatic housewives. It reminds older



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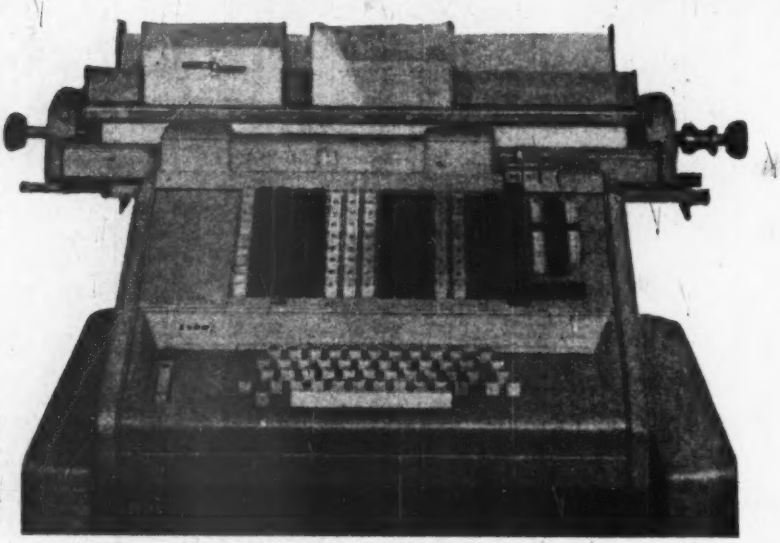

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Americans of Franklin Roosevelt; it is also the sort of quality that many people expect to see in a President. But undoubtedly what attracts Mr Kennedy's audiences most is his knowledgeability and his air of eager sincerity. Even if he lacks passion, as his critics say he does, he has an intellectual's enthusiasm for finding the right answer to knotty problems. This enthusiasm shines through his speeches and seems to touch a responsive chord in the crowds that pour out to greet him.

Mr Nixon, in comparison, is practised, formal, deliberate. When he and Mrs Nixon make an entrance they pause and then simultaneously step forward, arms upflung and smiles gleaming, as if upon some inaudible word of command. The care with which Mr Nixon looks straight into the eye of his audience (or the lens of the television camera) when he wants to make a telling point is plainly a product of rehearsal. It is instructive, for an observer standing close enough to the speaker's stand, to note how he composes his face to correspond to the emotions conveyed in his words; it almost looks as if the feeling follows the facial change rather than the other way round. The result is that Mr Nixon is a highly competent, if not inspired, public speaker in the classic American tradition; but spontaneity, and the impression of being carried away by his enthusiasms, quite escape him.

And yet Mr Nixon has some distinct advantages over Mr Kennedy. He recognises

the limitations of his audience better than the Senator, who is liable to baffle midwesterners by calling a government agency by its initials. Mr Nixon arranges the points he wants to make more skilfully (he may be helped by the fact that there are generally fewer of them) while Mr Kennedy is often half way through a speech by the time he imposes some order upon the thoughts tumbling over his tongue. Above all, the Vice President's claim to be the more rounded man is helped by the way in which he moves at a measured pace towards his final emotional appeal. Mr Kennedy, who seems to be embarrassed by perorations, often ends on an anti-climax.

Undoubtedly Mr Kennedy has been drawing the bigger crowds in many states. They are also different crowds. There is a higher proportion of young people, working men and Negroes than in Mr Nixon's audiences. The latter have a predominantly middle-class flavour, and the reception they give to Mr Nixon is, though warm, somehow restrained and respectful. There is, by contrast, an uninhibited enthusiasm in the crowds greeting Mr Kennedy.

Key—and Doubtful

If Mr Nixon cannot carry New York, with its 45 votes in the Electoral College, Pennsylvania and California, each with 32 electoral votes, become almost indispensable to a Republican victory. Below correspondents in these two key states discuss the prospects:

I—WAYWARD DEMOCRATS

CALIFORNIA has only once in this century departed from the national verdict in a presidential election (in 1912); yet paradoxically it flouts many of the normal canons of American politics and is notoriously unpredictable in its political behaviour. This year is no exception; the most esteemed poll in the state, conducted by Mr Mervin Field, found in its "semi-final sampling" this week that the race is neck and neck, with no clear trend in sight.

If party allegiance were the main criterion, the issue would hardly be in doubt; in California registered Democrats outnumber Republicans by 1,400,000. Even allowing for the fact that, in California as elsewhere, the Democratic party suffers more than its opponent from absenteeism at the polls, it is virtually certain that a million more Democrats than Republicans will be voting in California on November 8th. But Californian Democrats are even less mindful of party lines than most Americans. Opinion polls conducted in early October showed that 20 per cent of California's Democrats intended to vote for Mr Nixon, but only 5 per cent of Republicans in the state planned to desert their party's nominee in favour of Senator Kennedy.

On the vexed question of religion, recent surveys again yield a very confused picture, with some Catholic Democrats supporting Mr Nixon because they fear that the election of a Roman Catholic President may result in increased bigotry on the part of Protestants, and some Protestant Republicans backing Mr Kennedy in reaction against the bigotry already demonstrated in some areas during the campaign. California's Catholic population is not far from the national average (21.1 per cent as against 22.5 per cent), but it is unusually widely dispersed, rather than being concentrated in the cities. The net impression is that of a somewhat less cohesive body of Catholic opinion than in the East, which might seem to spell trouble for Senator Kennedy, but which may also present a less obvious target for his opponents. It seems likely that extremist Protestant groups, which are quite prominent among the competing cults of Los Angeles, will find it difficult to create any very serious anti-Catholic sentiment outside their own restricted following.

Reactions to the two candidates as individuals create further cross pressures. Mr Nixon is a native Californian, as his posters up and down the state proclaim; but in the course of a political career not especially characterised by gentleness to his opponents, whether within the Republican party or among the opposition, he has accumulated enough personal enemies in the state to offset this advantage. Senator Kennedy, on the other hand, suffers from the fact that California contains the strongest contingent of die-hard supporters of Mr Adlai Stevenson, some of whom swore solemn oaths of vengeance for the defeat by their hero at Mr Kennedy's hands in the Democratic National Convention at Los Angeles last summer. But there could hardly be a clearer instance of cutting off a nose to spite a face than for a veteran Stevensonian to help the Vice President win for the sake of punishing Senator Kennedy. Mr Stevenson has spent considerable time in the state persuading his supporters of this, and he was scheduled to return in the final week.

To predict the outcome in California would be bold indeed. Yet if Senator Kennedy's argument about the "new frontier" is to have an impact anywhere, California ought to be the place. For here the problems of growth, both of maintaining its pace and of coping with its implications, are acute and obvious. The Senator has been far more explicit than the Vice President about how he would meet such needs as more jobs (unemployment is above the national average in southern California, with its dependence on the ailing aircraft industry), new schools (wanted almost everywhere in this state of burgeoning population), and adequate housing. If this should carry him to victory the Democrats will have clear sailing in California as far ahead as the political eye can see.

II—PLAIN PEOPLE

IN Pennsylvania two issues meet head-on: unemployment and Protestant distaste for a Roman Catholic candidate. Pennsylvania has more chronically depressed areas than any other state, thanks to the plight of the hard coal fields in the north-east and that of the soft coal ones in the south-west. It also suffers from the fact that the steel industry is operating at only just over 50 per cent of capacity and from the economies which the impoverished railways are carrying out. Over 7 per cent of the labour force is unemployed, compared with 5.7 per cent for the country at large. But there are soft coal areas where nearly 25 per cent of the men are out of work and hard coal ones where the figure is between 10 and 15 per cent; in both there is a ready welcome for the surplus food which the federal government hands out. Here President Eisenhower's vetoes of Democratic Bills to help distressed areas are a millstone round Mr Nixon's neck. Moreover, many of these centres of unemployment are also centres of a heavily Catholic population. It is not surprising that Senator Kennedy's reception has been rapturous. But it is as well to remember that most—though not all—of these are districts that

would have voted Democratic in any case.

No Republican likes to say so out loud, but Mr Nixon's chances in Pennsylvania hang on the religious issue. This is the only place in the north-east where a Protestant vote of protest may swing a large state into the Republican column. For one thing, the state does not have as big a Roman Catholic minority, proportionately, as neighbouring New Jersey or nearby New York. But what is unique is the presence, in a straggling band down the centre of the state, of the Pennsylvania Dutch, the "Plain People" some of whose sects abjure not only dancing, but even motor cars and buttons on their clothes (though not, this year, the modern convenience of voting machines thoughtfully installed by the Democrats). Not all are violently anti-Catholic (although they fear for control of their schools) but in the Mennonite country people are registering to vote who have not bothered to do so since 1928—when another Roman Catholic, Al Smith, lost the state to Mr Hoover by nearly a million votes. (Mr Eisenhower carried it by 600,000 four years ago.)

Many of the farming areas where the Plain People live are normally Republican in any case. The real religious battle may come, instead, in the suburban counties around Philadelphia. The city itself is staunchly Democratic and is likely to give Senator Kennedy a majority of 200,000 votes. The Republican problem is to submerge Allegheny County (Pittsburgh) which is also Democratic and to have enough votes left to swamp Philadelphia as well. Most of these must be harvested in the rich Republican suburbs of Bucks, Delaware, Chester and Montgomery counties, and among Protestants—Baptists and Lutherans—who voted for President Eisenhower but who would be returning to the Democratic fold if it were not for Senator Kennedy's religion. Governor Lawrence, the highly astute leader of the Democratic party in the state, is now talking of a 200,000 majority for the Senator, largely, it seems, on the basis of the crowds which he has been attracting in rural as well as urban areas. But if the state is divided as evenly as one reliable poll suggests, Mr Eisenhower's reappearance in it to plead for Mr Nixon might just carry the day for the Republicans.

Border Politics

NASHVILLE, TENNESSEE

FIVE Negroes sat in the front row among the rather sparse Republican celebrities on the platform here when Mr Nixon came hunting for Tennessee's 11 electoral votes. The presence of the state's Olympic winners and their coach enabled him to pay a graceful compliment to Tennessee's athletic prowess, but this was also a shrewd bid for the Negro vote. Only two counties have barred Negroes from the polls and in Memphis, the state's largest and most southern city, where they are encouraged to vote, Negroes sometimes hold the balance of power. Four years ago, when Mr Eisenhower carried the state by a hair's breadth, he would have failed without the Negroes of Memphis. Democratic cotton planters offered them double wages to work all during election day, but ingenious Republican Negroes found an answer to this: they persuaded Negro preachers to hold an all-night prayer meeting and to lead their charges to the polls as soon as they opened.

This year out of an expected total of 1.1

Puzzled Pollsters

FROM A PSEPHOLOGIST ON THE SPOT

UNLESS the results of his eve-of-election poll lure Dr Gallup off the fence, American voters will make their presidential choice undeterred or unfortified by any authoritative forecast of the outcome. A feature of this election has been the frank confession by the pollsters that they do not know the answer. Dr Gallup has safeguarded himself by saying that the margin of error is likely to be greater than usual and others have said that it will be nearer 8 than 2 per cent; against such figures the undecided still range between 4 and 6 per cent. "No one could, on any scientific basis, make a prediction on the present figures," Dr Gallup has said.

It is possible that the caution has been overdone. In many ways the American addict of political polls is ill-served compared with his British opposite number in recent general elections. Notwithstanding the vast amounts which have been spent on sectional and local surveys, Dr Gallup's American Institute of Public Opinion is the only agency to publish nationwide figures throughout the campaign.

Critics of Dr Gallup complain that he has made unexplained changes in his methods; for example, in September he altered his interviews from posing a straight choice between Mr Kennedy and Mr Nixon to a Kennedy-Johnson *versus* Nixon-Lodge alternative. Nor are the critics quite happy about the way he refines his results. One problem for pollsters is the difference between those who say they will vote, and those—a proportion only of the same sample—who really do vote. When margins are so narrow the calculation of the actual turnout is important, and Dr Gallup has not made it clear how he does this. But the signs are that the proportion voting will be high, for several reasons: the religious issue may bring to the poll both ardent Roman Catholics and bigoted Protestants who tend to be indifferent to politics otherwise and the trade unions are making effective efforts to get normally stay-at-home members to vote.

Dr Gallup, and other pollsters, have insisted that many factors peculiar to this campaign make it difficult to predict how the undecided will divide and that the proportion of "don't knows" in their samples this year far exceeds the normal margin of error. It is usual (both in Britain and the United States) to divide "don't knows" according to the current preferences expressed by those of their community, class, sex or age-group who have decided; but this might be a wrong assumption on the Kennedy-Nixon issue. In particular, some who declare themselves undecided may merely be unwilling to confess that they have already made up their minds to vote along lines of religious prejudice. Some play is made with the argument that there is little real enthusiasm for either candidate. But both these reservations seem overdone when there is every sign of a record turnout.

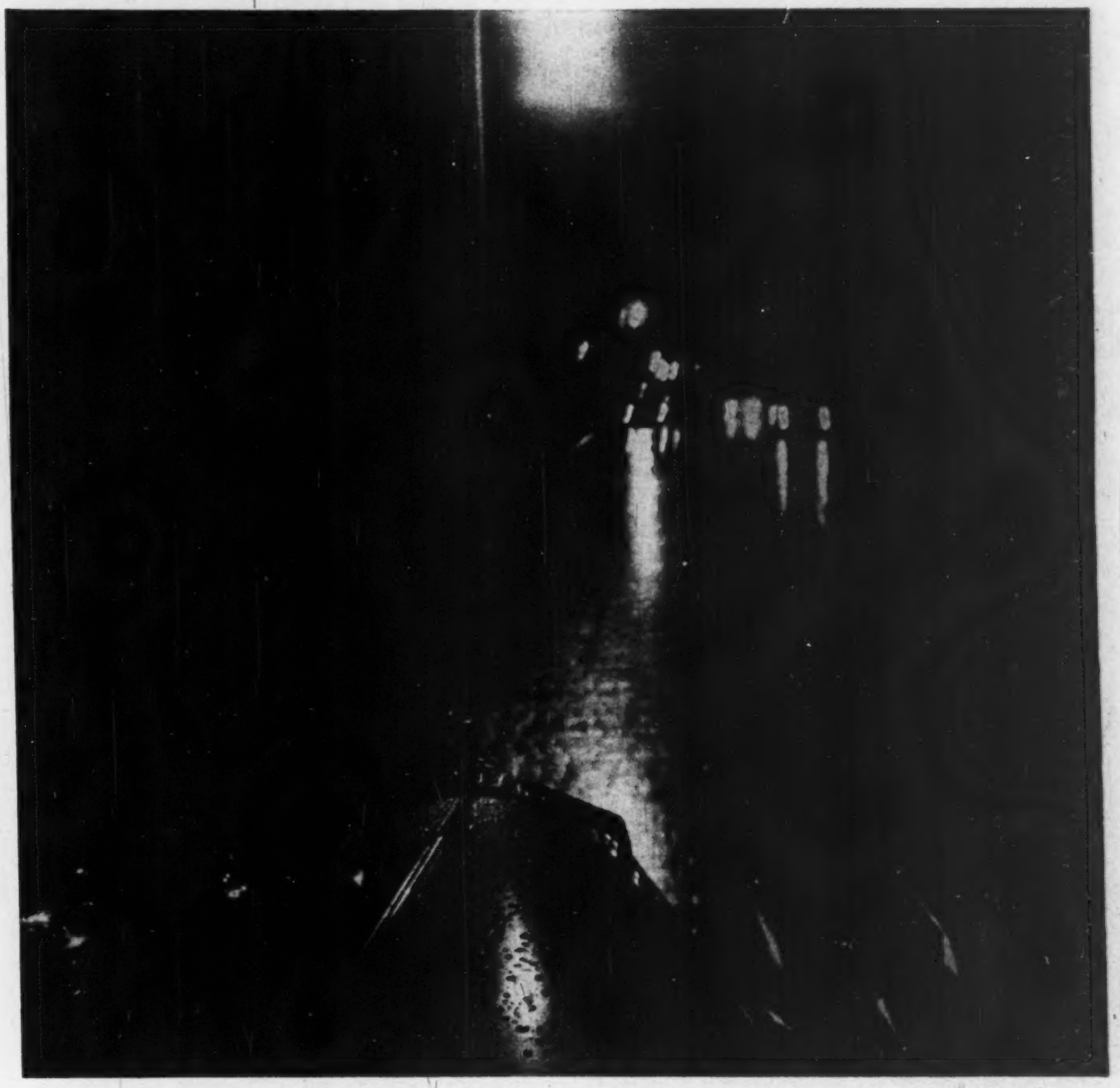
To supplement the nationwide surveys there have been many individual ones, of varying reliability, for states and cities, made by newspapers and others. Since, in order to win, each candidate must gain certain key states, these polls can be revealing—and most of them show Mr Kennedy ahead significantly. The candidates themselves have carried out important polls in particular key states (at $3,000 to $300,000 a canvas according to size), but have increasingly kept the results to themselves—though Mr Nixon has released a cheerful finding from time to time to boost Republican morale. These polls are, however, designed less to forecast results than to test the public reaction to particular issues or to the candidate's performance, especially on television.

In spite of all this activity, there has been curiously little guidance on the analysing of election statistics. The simple concept of "swing" is not understood; yet it is clear that to win Mr Kennedy needs an 8 per cent swing nationwide from the actual vote in 1956. Few, if any, political commentators make the point that polls are more significant for what they can reveal about the direction in which opinion is moving than for their absolute figures at any moment.

DR GALLUP'S PROGRESS

	Democratic	Republican	Undecided
1952 (actual)	44·4	54·9	—
1956 (actual)	41·5	57·4	—
1960*:—			
Aug. 16...	44	50	6
Aug. 30...	47	47	6
Sept. 13...	48	47	5
Sept. 24...	46	47	7
Oct. 11...	49	46	5
Oct. 25†..	49	45	6

* Release dates. † These figures were further refined as to voting intentions of the undecided who were likely to vote, and then given as: Democratic 48, Republican 48, Undecided 4.



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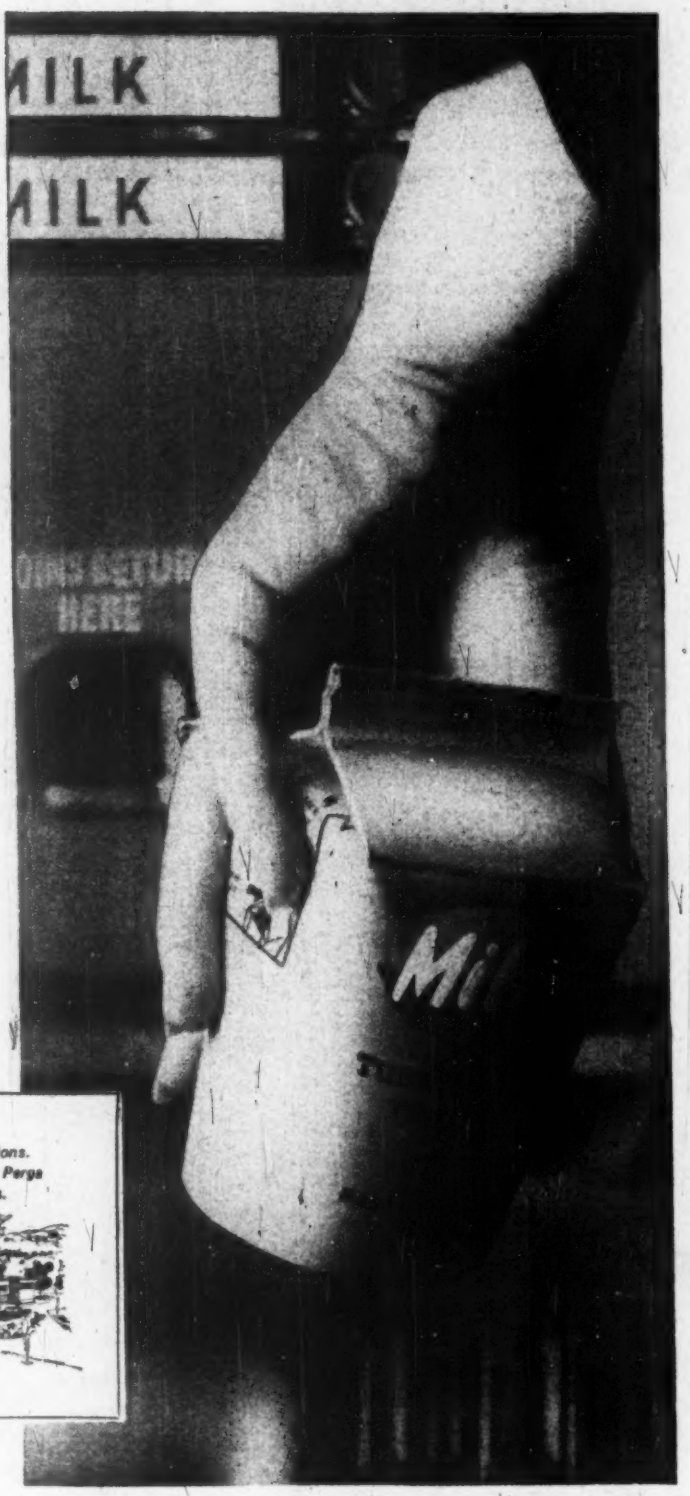
REMEMBER POPPY DAY

How they buy milk these days



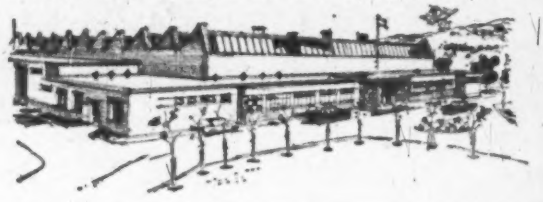
Latest beverage reports show that more and more people are taking their milk—and fruit juices—in cartons. Even Bowater Perga, who make more of these cartons than anyone else in Britain, have found it difficult to keep pace with demand.

Two things are being done. A new factory has been set up at Brynmenyn, South Wales, and new equipment has been installed in the Bowater Perga plant at Gateshead. Between them they will double milk carton output and help satisfy several million thirsts.

This is a growth industry in action. And paper making is a growth industry.

BRYNMENYN, SOUTH WALES

The new Bowater factory for the production of Perga milk cartons. In addition, new equipment has been installed in the Bowater Perga factory at Gateshead. Part of Bowaters' investment in progress.



Bowaters . . . investing in progress

IN GREAT BRITAIN · CANADA · UNITED STATES OF AMERICA · AUSTRALIA · NEW ZEALAND · SOUTH AFRICA
IRELAND · NORWAY · SWEDEN · FRANCE · BELGIUM · ITALY

million votes, 100,000 are likely to be Negro ones—about a third more than in 1956—and both parties are courting them industriously. When Mr Nixon visited Memphis he kept the states' rights whites waiting while he laid a bouquet at the foot of the statue of W. C. Handy, the famous Negro composer of the blues. The Democrats, for their part, saw that Negroes sat on Senator Kennedy's platforms, and they have even appointed a Negro to the Democratic Campaign Committee—the first time that this has happened in a southern state. Senator Kennedy's support for a minimum wage of $1.25 an hour is having a noticeable impact on Negro voters.

If Senator Kennedy were a Protestant, the Democrats would have little to worry about. But Nashville is the headquarters not only of the Methodist Church, but also of the Southern Baptists, and of the even more fundamentalist Church of Christ. The last two are strenuously anti-Catholic.

Nevertheless, Tennessee is a profoundly Democratic state, for all that it has voted four times for a Republican President. In elections for state offices the Republicans are outnumbered by nearly four to one. The Republican party is small and Mr Carroll Reece, the Republican boss, prefers it so. This helps him to keep a tight rein on federal patronage when his party is in power in Washington.

ONE of the issues which the Republicans count upon is the fear of businessmen, particularly small ones, that a liberal Democratic Administration might force the states which have "right to work" laws to repeal them. These are aimed at the trade unions and they outlaw membership in a union as a condition of employment. Rich Tennesseans (and their numbers are increasing with the growth of industry) also fear that a Democratic victory would mean more centralised government, more bureaucracy and higher spending. But the Republicans' real weapon is the popularity of Mr Lodge, their vice-presidential candidate. Television has brought the proceedings of the United Nations into many homes and many people say that the Republican team would be stronger if Mr Lodge were leading it.

The truth is that Mr Nixon has nothing like Mr Eisenhower's appeal for Democrats. Moreover, the Governor and other Democratic leaders are working hard and sincerely for Senator Kennedy. Mr Stevenson had no such support four years ago. No pressure has had to be applied to Tennessee's liberal Democrats, as it has been applied in many southern states when the presence of Senator Johnson on the Democratic team was not enough to persuade leading Democratic figures to fall gracefully into line. The thumb-screw which has been most effective is the reminder that, even if the Democrats are defeated, Mr Johnson will still be the party's leader in the Senate and well placed to punish any slackers.

Mountaineering

The eight desert and Rocky Mountain states, extensive but thinly populated, which lie between the midwestern plains and the Pacific Coast, have a total of only 32 electoral votes (the same as California or Pennsylvania alone), but they are a coveted prize in this closely-fought election. A correspondent recently in the area discusses the lively political competition, the dearth of regional issues and the difficulty of judging religious sentiment which distinguished the campaign there.

DURING the nineteen-thirties and 'forties the mountains and deserts of America were predominantly Democratic but about a decade ago the Republican Party began to develop fresh life as the old economic patterns changed: military bases brought prosperity, urban centres expanded into the countryside and older people from the East found the warm desert an ideal place to retire to. There is a sharper ideological cleavage between the two parties here than anywhere else in the country. The current generation of Democratic leaders are, with few exceptions, predictably left-of-centre—the type of Democrats to whom Mr Kennedy appeals—while the Republicans, led by Senator Goldwater of Arizona, are on the most extreme right wing of their party—the people who may stay at home next week rather than vote for Mr Nixon.

As recently as four years ago, campaign orators could obtain rewarding reactions by harping on such regional issues as whether water resources should be developed by private or public interests or how the federally-owned lands should be managed. But concern about these issues has faded out, partly because Mr Nixon removed one of them from argument when he announced early in the campaign that he would reverse the Eisenhower Administration's policy of "no new starts" on irrigation projects. But mainly the loss of interest in them is the result of the cautious, mildly progressive policies followed by the Department of the Interior during recent years which have reassured the region that the development of the West will be safe whichever party is in power. On the other hand, Senator Kennedy's argument that the Eisenhower Administration has neglected local mining interests was reinforced by the President's recent veto of a Bill which would have helped the small, high-cost lead and zinc mines which have suffered from foreign competition.

Nevertheless, the over-riding issue in this election has become foreign affairs. Here, as in the rest of the country, this usually boils down to the over-simplified question: who can stand up best to Mr Khrushchev? The influential *Denver Post*, which circulates throughout most of the region and which had not backed a Democrat for President in forty years, has endorsed Mr Kennedy on the grounds that he would do more than Mr Nixon to mobilise the country to meet the challenge of the cold war.

An uncertain factor is the influence of the more than one million members of the Mormon Church (the Church of the Latter Day Saints). Although there are Mormons in both parties, the top leadership of the church is predominantly Republican and in a close election its influence on the politically uncommitted members is believed strong enough to decide the outcome in Utah, Idaho, and Wyoming. Mr David McKay, the 87-year-old head of the Church, has publicly endorsed Mr Nixon, which is a severe handicap to Mr Kennedy. Only in New Mexico does the religious issue work to Mr Kennedy's advantage. There Roman Catholics constitute more than one-third of the population and Mexican-Americans led by Senator Chavez are working in unusual harmony with the "Anglo" faction headed by Senator Anderson; both Senators are Democrats.

Politically volatile, these eight states voted solidly for Mr Truman in 1948, then swung overwhelmingly to President Eisenhower in 1952 and again in 1956, although by reduced majorities. Neither candidate is likely to score a comparable sweep this year. Mr Nixon seems ahead in four of these states (Arizona, Wyoming, Utah, and Idaho) and Mr Kennedy in three (New Mexico, Nevada, and Montana). Colorado, the most populous of the mountain states, is most in doubt. Mr Nixon is counting heavily upon this area to offset an equivalent number of electoral votes which Senator Kennedy seems sure to pick up in Massachusetts, his home state, and its neighbours, Connecticut and Rhode Island. But Mr Kennedy and his managers are quietly confident that, helped by skilful local organisation and hard work, they will give Mr Nixon a nasty surprise on November 8th.

Coat-tails for Kennedy?

Normally a winning candidate for the Presidency pulls to the top of the poll with him many of his party's candidates for the state and local offices which are voted on at the same time. But this year Mr Kennedy is likely to do less well in several states than the other Democratic candidates there. Illinois is one of these and a correspondent in Chicago explains why.

THE two important offices at stake in Illinois this year are those of United States Senator and Governor. Senator Paul Douglas, the Democratic incumbent, a Quaker economist and an ex-Marine, is bidding for a third term and running well ahead of his opponent, a successful corporation lawyer, Mr Samuel Witwer. Recently Mr Douglas has alienated his own labour support by advocating legislation to control trade unions, and he has annoyed the business community in his home state by his scheme for conserving the Indianian sand dunes from industrial development. Yet through his independence, courage and ability he has strengthened his hold on the uncommitted voter. Mr Douglas was first elected in 1948, the year of Mr Truman's surprise victory and the year when Mr Adlai Stevenson swept into office as

Governor of Illinois by over half a million votes. This year, campaigning hard with his customary combination of high oratory and a shower of facts, Mr Douglas seems likely to lead his party at the polls and to turn back easily the serious challenge of his capable if less personable Republican opponent.

The Republican Governor Stratton is running for a third term in office, his first such race without the Eisenhower coat-tails to cling to. In 1956 Governor Stratton survived a scandal within his administration, the embezzlement of a million dollars by his state auditor, which has not yet been forgotten. In addition many Republicans are still embittered by a hard-fought contest earlier this year for the gubernatorial nomination. To win Mr Stratton must overcome not only the divisions within his own party but the Democrats' advantage in numbers of voters registered, an advantage which ensures a triumph for that party if only it can put its own house in order. Four years ago the Democrats had equally good prospects for victory in the gubernatorial campaign, but they chose their candidate carelessly, so carelessly that he had to be replaced before election. This year they took greater care and Judge Kerner has an impeccable record, a Protestant heritage, and the support of the Democratic machine which controls Cook County—Chicago, the only big city in the state; Mr Kerner has run his campaign conservatively, making few commitments but fewer errors.

In Illinois it matters little what the state as a whole does if Cook County provides a solid majority of 400,000 for the Democratic standard bearer—and the Mayor of Chicago can usually be relied on to see that it does. The problem during the Eisenhower years has been, of course, that the Republican presidential candidate diluted the Cook County vote or made off with it. This year, no such problem arises and if sufficient Stevensonian Democrats and sufficient machine-minded Democrats do their duty in Cook County, as they are expected to do, the rural vote down-state will determine only the size of the Democratic majority, not who wins the major offices in the state.

But in Illinois, as elsewhere, the extent to which religion will affect the voting for the presidential candidate remains the uncertain factor in all these calculations. In small Protestant farming communities through much of Illinois, already deeply disaffected by Republican farm policy, Mr Kennedy's Roman Catholicism is the sole concern; yet the polls show that two German-Catholic counties in down-state Illinois, consistently Republican in the past, are going to Mr Kennedy and the most successful vote getter in Illinois, the incumbent Secretary of State, who is seeking re-election, is a Catholic.

However, the question of the President's religion has no bearing on the races for Senator and Governor; these two offices will probably be won with good majorities by the two Democratic fellow-candidates, both attractive, one a proven vote-getter, the other a loyal though inexperienced standard-bearer. And they may well carry Mr Kennedy to victory with them and make him a present of Illinois's 27 electoral votes, the fourth largest block in the country.

What About Congress?

I—GRASS ROOTS IN THE CITY

NEW YORK

Most of the forces shaping politics in New York City are on display in an arresting and significant three-cornered congressional fight in the 20th District, a west side constituency which stretches along the Hudson River from 21st Street to 110th Street, touching the fringes of Negro Harlem and containing the mainly Jewish upper middle class of Central Park West as well as Puerto Rican and Irish Catholics. Normally the district is safely Democratic. What makes the present race so exciting and so important is that last June the Democratic nomination was won by Mr Bill Ryan, a leading figure in the reform movement which hopes gradually to wrest control of the Democratic party in the city from the debilitated Tammany machine.

This is a democratic movement—with a small "d"— which is based upon political clubs that, unlike those of Tammany, are open to all and encourage, indeed rely upon, the participation of the voters. So far the reformers have won control in only about four of the sixteen units into which Manhattan is divided and these are the most advanced politically. Even in the 20th, Mr Ryan's troubles were not over on the ecstatic night in June when he found that he had snatched the nomination from the incumbent Congressman, Tammany-backed Mr Ludwig Teller. Mr Teller had the nomination of the Liberal party, an ageing reform group which operates only in New York City, and under the law Mr Teller's name must remain upon the ballot. It is conceivable, though not probable, that the presence of a third candidate with a "Liberal" label might draw off enough votes from Mr Ryan to open the way for the Republican, Mr Aarons.

Bitter over his unexpected defeat in June, and over Mr Ryan's characterisation of him as an "absentee Congressman" (only 21 others had a worse attendance record), Mr Teller is responding by denouncing Mr Ryan, a Roman Catholic, as a Communist front. This is Mr Ryan's reward for telling the voters that, if disarmament is to succeed, some thought must soon be given to the problem of recognising Communist China. Middle-class Jewish voters make up the majority of the electorate in this sophisticated constituency and they are interested in questions of foreign policy. But what concerns the poor most is housing. This is an area, once fashionable, which has fallen on hard times; crumbling and deteriorating rooming houses stand cheek by jowl with vast new housing developments, some public, some private. Both have sharpened the housing problem for those turned out of their homes. The great service which Mr Ryan and his reform Democrats have done for this community is to fight day and night for better housing. If there is gratitude in politics, Mr Ryan should become New York City's first reform Congressman.

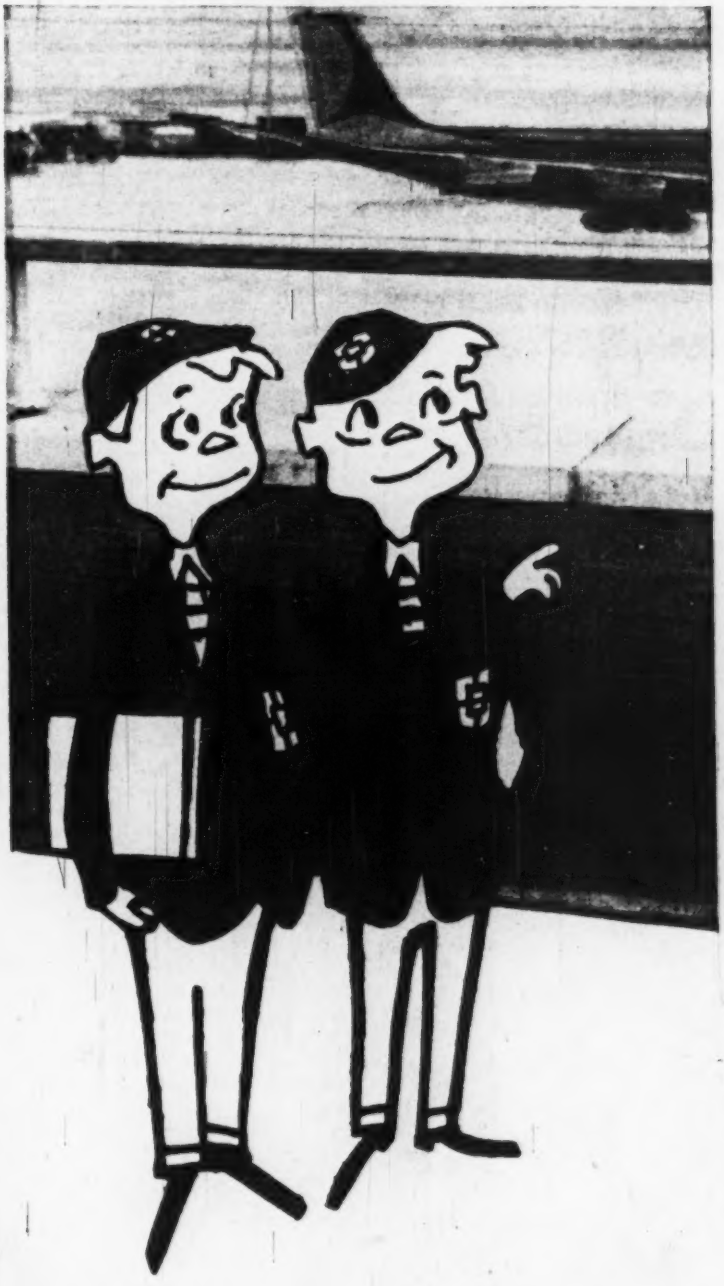
II—BLACK THIRTEENTH

DETROIT, MICHIGAN

When a Republican trade union official who was educated at Harvard runs for Congress against a Democratic businessman who has recently been involved in a paternity suit, and both are Negroes, the campaign might be expected to have some sparkle. In fact, a visit to Michigan's 13th Congressional District—a rectangular slice of Detroit running from the slums and factories on the river opposite Canada to the bourgeois suburbs—confirms three blunt truths about Negro politics in America: they are parochial, dull and predictable.

Mr Charles Diggs, the Democratic incumbent, who won the seat in 1954, is a plumply personable young scion of a family which makes a comfortable living by selling a variety of things ranging from insurance to funeral caskets and flowers. Unfortunately, Mr Diggs has lately been sued in a paternity case, divorced by his wife and married to a third lady in rapid succession. The personal element which this has injected into the campaign is reinforced by his Republican opponent's charge that Mr Diggs has been a lazy Congressman. His excuse—illness and absence on official business—has been dramatised by his spending part of the campaign in hospital with malaria reportedly contracted while on committee duty in Africa. A third purely local issue in the contest is a Republican charge that Diggs Enterprises not only pays low wages to its employees but has also broken their attempts to form a trade union.

The Republican candidate, Mr Robert Blackwell, a young and intelligent president of a branch of the United Automobile Workers, seems to be resting his hopes of breaking into the Democrats' majority on Mr Diggs's personal record and on the fact that many Negroes were offended by the Democrats' choice of a Southerner, Senator Lyndon Johnson, as their vice-presidential candidate. But this may be cancelled out by Detroit's special local problems; the Democrats have promised to do more about slum clearance and helping the unemployed than the Republicans have. Mr Blackwell's only real chance of success lay in his attempts to enlist the aid of the powerful vote-getting machine of his own union. But the AW have decided, reportedly with a blush, that Democratic regularity requires them to support a capitalist rather than one of their own members.



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That's an Air-India one.
Bet it's going to New York.

Bet it isn't.

Fat lot you know about it, that Boeing's got Rolls-Royce engines.

I suppose your father owns Air-India?

Him? 'Course he doesn't.
But he flies Air-India.

Why?

They fly to New York at weekends.
He says it doesn't interfere with his work.

Is your old man important?

What him? You'd think so sometimes.

Is that why he flies Air-India?

Look at all that grub going in!

And look at that stewardess!

Whew! What a cracker!

Your old man's not so barmy as you make out.

Here . . . hold my cap! . . .

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BOOKS

The Ins and Outs

The Reign of George III, 1760-1815

By J. Steven Watson.
Oxford University Press. 637 pages. 35s.

To say that this book was badly needed would be utterly inadequate. For a generation people have had to assemble their own histories of the reign of George III, wandering without a guide among the mounting wreckage of outmoded interpretations. Meanwhile, a major gap in the "Oxford History of England" has grown steadily harder to fill. The ideal moment for a survey fixing the main outlines is now well past; in view of the mass of work in progress, a fuller and more durable account is not yet possible. But here at last is an interim report, indispensable to the student and ordinary reader alike. For the time being, the long wait is over.

The main culprits have been death and Sir Lewis Namier. Mr Watson was the third historian to be invited to write this volume, and very little of the delay is due to him. The first, Professor Veitch, had scarcely begun before he died; then the late Richard Pares had to give up the attempt, leaving in "George III and the Politicians" a brilliant if mannered commentary to show what he might have done. One result may have been that Mr Watson was pressed too hard to meet an urgent demand. His last chapters often seem hurriedly put together, and far too many misprints for so important a publication have survived proof-reading.

On completing his demolition of old ideas about eighteenth-century England back in 1930, Namier made a hesitant promise: "if ever written," his next book would begin the work of reconstruction. He did not live to redeem that promise, and had come to pin his faith on leading a team of younger men to do so. For many years Sir Lewis brooded over the debris he had created, fiercely defending his revelation—and the highest standards of scholarship—against any rash intruder. In old age he mellowed sufficiently to make it appear less than simple suicide to trespass upon his preserves. But the risks remained considerable and the difficulties increased enormously.

Only the accident of the printing strike prevented Mr Watson from coming under the master's careful scrutiny. On many points, he would have satisfied even that examiner. His approach to politics is firmly, indeed narrowly, Namierite: what really matters is the great game, the struggle of "ins" and "outs." Mr Watson's is the history of top people, busy with intrigue within an establishment hardly touched by the American revolution and successful in closing its ranks against the French, at home and abroad. He vividly depicts an oligarchy concerned with administration rather than legislation, and a wider "political nation" dubious of all government and suspicious of the oligarchs who fought for place and power, unless they could claim "patriotic" support and justify it by their competence in office.

Four-fifths of the book is occupied by politics; but Mr Watson cannot be blamed for the design of the Oxford series, fashionably under attack. Quite properly, external affairs are considered from the standpoint of Westminster, though as time passes Mr Watson's views on Europe become more insular, like those of contemporaries. On the other hand, the problems of India, Ireland and America are admirably treated as integral parts of English history. The summary of economic development is brisk, business-like and up to date; but its consequences, at least for the lower orders, tend to be left shrouded in statistics. Mr Watson's cultural sketch is that of an acute amateur back from the Grand Tour with ideas of his own, and much preferring sense to sensibility.

The general impression is one of England seen through the eyes of a well-informed, civilised but probably minor occupant of the Front Bench—one of "the King's friends," or a civil servant in politics, perhaps. Not surprisingly, Mr Watson's hero is the Younger Pitt, that repellent paragon of ability and ambition, restrained only by his sense of constitutional propriety. Yet in Pitt's heyday Mr Watson's grip falters: his treatment becomes more mechanical, less readable than before. We are left in some doubt about great crises like 1788, 1801 and 1807; the importance, temporary or permanent, of Pitt's relations with the king is not clearly established; neither change nor its absence is satisfactorily explained.

In general, until the end of George III's active life fifty years later, the system of 1760 continued to work; but it did so despite the intermittent but growing impact of ideas ultimately disruptive of the old order. From both sides, this needs more explanation than it gets. Mr Watson remembers Wilkes, if not Tom Paine; yet in cutting Fox down to size, he blurs the significance of that erratic career. There is no need to be a Foxite nowadays, but a Namierite might recollect that Sir Lewis had hoped to deal next with "the Rise of Party."

Bang! Bang!

FROM TIME TO TIME somebody explodes on paper against newspaper critics and criticism; almost always an offended writer, painter, film director or other vulnerable creator. This battle is historic, perpetual and bloody—sometimes literally so—like the Wars of the Roses and the War of the Sexes.

Perfectly natural and absolutely excellent. It releases adrenalin and teaches the critics a lesson . . . Whenever the running fight breaks out anew *my first* instinct, I must say, is to side with the artist against the professional marksman—though with melancholy, for it is like watching a duel between an eager young lover and a cruel Sir Jasper.

But first sympathies tend to wilt a bit when the first furious shots have been fired. Sir Jasper, as often as not, is seen to be aiming at his opponent's legs. And the offended painter, novelist or singer, skipping frantically to and fro, makes perhaps such extravagant claims for his sanctity as an artist that we suddenly realise that the critic can be an artist, too—with duties to his public which are not simply those of a reverent thumb index.

Who, seriously, denies that? Do all the readers of The Observer, for instance (would you?) regard its critical pages as a Baedeker to the books they intend to read, the plays they ought to see? If so, then half the thinking world is a better man than me. I read reviews to know what's going on, to show some spark of consciousness among daunting strangers and at home . . . and for the sheer happy hell of it.

Take Maurice Richardson, watching and commenting on the T.V. screen. Is he unfair? Sometimes, inevitably. But do not the involutions of his mind and the flicker of his wit give far more to the enjoyment of television than ever they take away? A. Alvarez, pot-shotting at poetry behind his blank, bland initial—you or I may not agree with his view of Yeats, but we must read him. C. A. Lejeune with her real and human understanding; Philip Toynbee with his deep, bass prose; the perceptive John Davenport on novels . . . Peter Heyworth on music—"every observation sensitive and telling"—says that celebrated critic-whacker Walter Legge of The Philharmonia.

No room or time for more. But next Sunday, all the room and time in the world—if you're taking The Observer. J.B.L.

ADVT

Aid and Marxism

Foreign Aid: *Theory and Practice in Southern Asia*

By Charles Wolf, Jr.
Princeton University Press. London: *Oxford University Press.* 461 pages. 60s.

Marxism in South-east Asia

Edited by Frank N. Trager.
Stanford University Press. London: *Oxford University Press.* 381 pages. 42s.

BOTH these books are Rand Research studies, but the second is of much greater value than the first. "Foreign Aid" is a somewhat pretentious book, packed with obscurities, written, indeed, in the kind of academic jargon that is almost a private language: a "Finnegans Wake" without the verbal felicity. Dr Wolf, who served on President Eisenhower's "Draper" committee on the military assistance programme, purports to analyse the political usefulness of foreign aid in mathematical terms. He produces massive formulae, full of symbols representing such imponderables as "the economic index of political vulnerability" and in the end signifying no more than Shakespeare's sound and fury. The amount of time and ingenuity that must have been expended on this section of the book is impressive, but the results are quite valueless as a guide to policy: political behaviour and motives, the psychology of individuals and nations, such things are variables, and it is arbitrary—and irrelevant—to claim that one set of variables is greater or less than another. Helpfully, Dr Wolf says in a footnote that "those who are bothered by mathematical notations can skip them." The trouble is that readers who take his advice will be left with precious little beyond complicated references to "capability-worth parameters," "vulnerability functions" and "heuristic uses of models." Some of the tables of United States aid are valuable; but Dr Wolf has missed an opportunity to find out how useful foreign aid is, where and why.

"Marxism in south-east Asia" is a symposium. Mr Trager introduces, and provides a conclusion to, studies of communism in Burma (John Seabury Thomson), Thailand (David A. Wilson), Vietnam (I. Milton Sacks) and Indonesia (Jeanne S. Mintz). There is little to choose between them: each contribution is able, accurate and intelligent; each brings its own quota of information, from which even specialists may hope to benefit. Such deficiencies as there are spring from the limitations of the original plan, or are inherent in the symposium as a method. J. H. Brimmell, in his recent "Communism in south-east Asia," covered more ground single-handed than the five authors of this book. The gravest omission is the failure to provide a reasonably full and continuous account of the Chinese, as distinct from the Soviet, contribution to Marxism in south-east Asia. But it is also puzzling to be given a full chapter on "Thailand and Marxism" (beginning "Marx has had little influence in Thailand") and nothing at all about the Huk insurrection in the Philippines.

Soldier-Statesman

John Jacob of Jacobabad

By H. T. Lambrick.
Cassell. 475 pages. 63s.

THIS book can be read (a) as an adventure story—a biography of an astonishing and scarcely known nineteenth-century soldier-statesman—(b) as a work of original, closely documented research, which makes a new contribution to Indo-British history in the critical years 1830 to 1858, or (c) as a tract for the times.

As (a) it is well written, exciting, dramatic. Mr Lambrick's admiration for Jacob's achievements in no way prevents him from seeing Jacob steadily and as a whole, with all his (very human) imperfections. What a man he was. The son of a country clergyman, he landed in India at the age of sixteen and proceeded to carve out a dozen careers simultaneously: cavalry leader, transport and supply officer, political agent, civil administrator, town planner, surveyor of unmapped country, military and civil engineer, road, canal and bridge builder, irrigation officer, railway pioneer, architect, inventor of a rifle which was the most efficient of its time, clockmaker, writer on political economy, moral philosophy, strategy and military organisation and science. High authorities in none of these spheres could afford to ignore his views. He believed in the power of public opinion to rectify abuses and to promote new ideas, and had constant recourse to it. The East India Company's court of directors was forced to minute frequently and at length on his embarrassing submissions. *The Times* thundered approval of them.

As for (b), the glamour of bringing law and order among the tribesmen of the old northwest frontier has hitherto been monopolised by the gallant handful who built up the "Punjab tradition"—Nicholson, Edwardes, the Lawrences, and others. The pacification of Sind has been treated as a minor and also a somewhat shameful affair. Without whitewashing Napier, and without denigrating the heroes of the Punjab, Mr Lambrick's researches enable him to set the record in Sind and in the Punjab in new perspective, and to show how the Punjab system impeded the pacification of Sind.

Lastly, in this age of regulations Jacob's lifelong war on bumbledom and bureaucracy should renew the courage of all who cherish the rights of the individual. Without thought for his career, Jacob took on officialdom from viceroys and commanders-in-chief downwards. Official reprimands, obstruction, or counter measures, merely drew forth more crushing rejoinders, more embarrassing exposures from Jacob. He lived to see many of the causes for which he fought vindicated. He was a man upon whose like, it is to be hoped, we shall look again.

Art Anthology

The Arts of Man

By Eric Newton.
Thames and Hudson. 319 pages. 32s. 6d.

THIS is a delightful book; an intimate, yet informative, look at some of the world's greatest art through the eyes of a noted art critic, who is also the Slade Professor of Art at Oxford. Eric Newton has chosen 174 works of art to be reproduced, has arranged them chronologically and introduced them to the reader in his pleasant, capable way. About half the works are paintings (with which, after all, Mr Newton is most at home), but the choice is "without prejudice or preference for one medium over another." Indeed, since he wishes to show how man has "recorded the whole variety of his moods as a civilised being," and believes that certain moods have best been expressed in media other than pigment, we are shown such widely differing works as a Limoges enamel, an ivory crozier head, a whalebone carving, Swiss tapestry and Italian goblets. Some of the examples are old favourites, others rich discoveries.

The book reflects the paucity of the British public collections of post-impressionist paintings. Although Mr Newton chose many of his earlier paintings from the National Gallery's collection, he has gone abroad for his twentieth century choice, except for a few examples from private British collections.

Over a hundred of the illustrations are in colour; but the faithfulness of the colour representation leaves much to be desired.

Frontier Conflict

The Mormon Conflict

By Norman F. Furniss.
Yale University Press. London: *Oxford University Press.* 311 pages. 40s.

An Excess of Democracy

By David Donald.
Oxford University Press. 22 pages. 3s. 6d.

THE rowdiness of a frontier society has been the subject of frequent comment and nowhere have the comments been more pertinent than in the United States. Violence on the expanding American frontier has become part of the folklore, and for that reason has become ineradicable however cool the historians and sociologists may be. Examining the prelude to the American Civil War in an inaugural lecture as Harmsworth Professor of American History, Mr Donald noted that "the expansion of the frontier, the rise of the city, the exploitation of great natural wealth produced not cohesion but individualism." Precedence was discarded and authority flouted; faith in any form of centralised government had practically disappeared; no coherent conservative political philosophy had been developed; and by the 1850s American society was "so new and so disorganised

Continued on page 565

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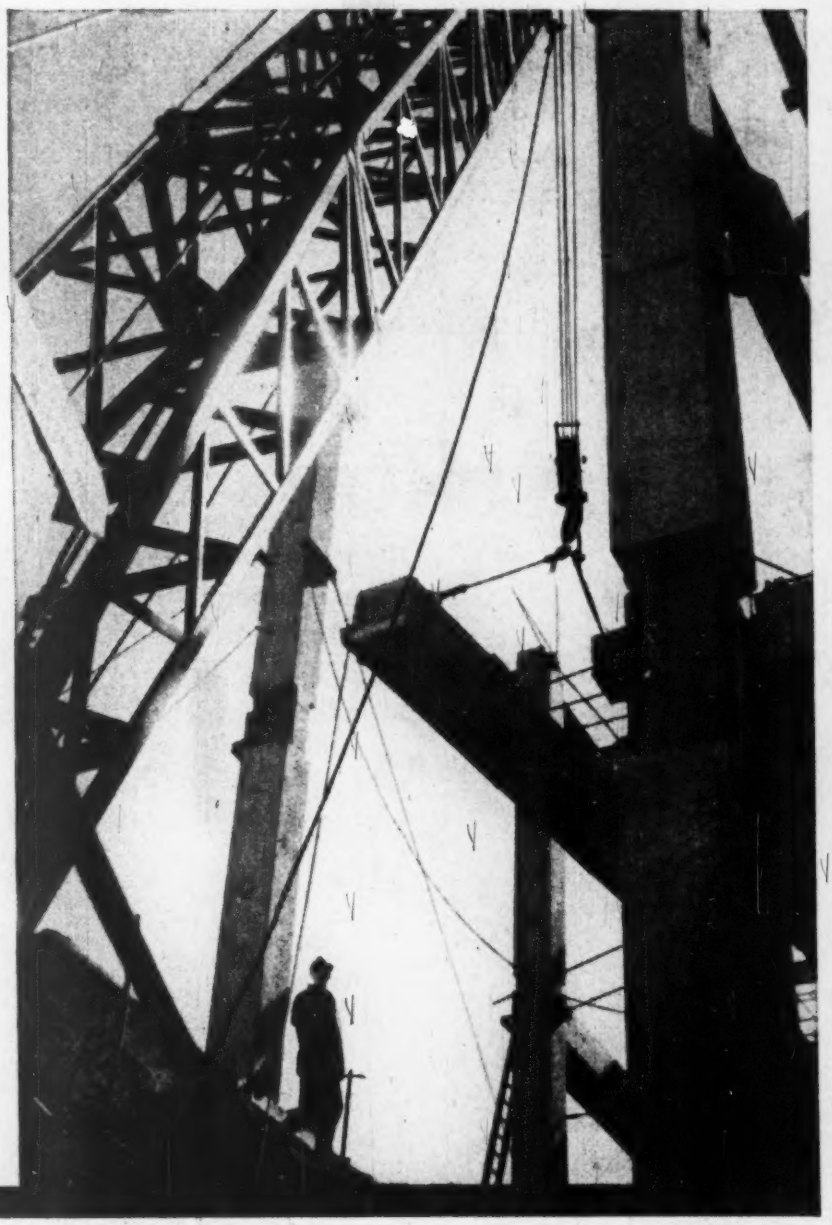


VACANT SITE TO FULL PRODUCTION IN 17 MONTHS

The £700,000 Hoddesdon project is another example of how Cubitts' go-ahead construction approach is helping industry.

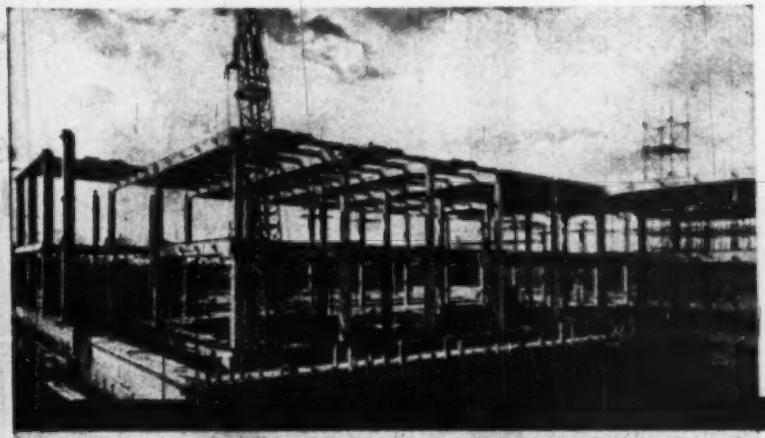
Merck, Sharp and Dohme, pharmaceutical manufacturers needed their new laboratory building as quickly as possible. So they and their architects, Edward D. Mills & Partners, F/ARIBA, nominated Cubitts for the project.

It was decided to use prestressed and precast reinforced concrete construction. This method advanced progress by many weeks, cutting out the time needed for on-site concrete work, and offsetting shortage of suitable labour around Hoddesdon. Time and cost were saved, too, by planning to optimum usage of plant for the size of concrete units employed.

To ease their client's output problem even more quickly, Cubitts arranged to complete first the middle portion of the new building, which contained the main mechanical services. By installing the service risers in one vertical duct, floor levels were served and put into use as general construction work finished on each.

Only 11 months after delivery of the first precast columns, the new building was producing for Cubitts' client, and six months later the take-over was complete. Through early collaboration with client and architect, Cubitts were able to complete the plant much sooner than with orthodox construction methods.

Another reason was Cubitts' co-ordinated construction service which brought in their associates Engineering Service Installations Ltd. for mechanical services and plant erection, Concrete Development Co. Ltd. for the concrete frame, and their own Joinery and Painting Departments for specialist work.



Another Cubitts' client is on the way up! Precast main beams and 65ft long reinforced concrete columns were made by Concrete Development Co. A member of Cubitts organisation, they collaborated closely with the Consulting Engineers J. C. Hughes & Partners.

The new Merck, Sharp and Dohme laboratory building at Hoddesdon incorporates the latest air conditioning, sterilising and refrigeration plant. 67 feet high, it covers a total floor area of about 75,000 square feet on a ½ acre site that provides for future expansion.

Mr. T. W. Rayner, Managing Director of Merck, Sharp and Dohme, says: "I can fully endorse the value of collaboration from the planning stage between client, architect and contractor. Knowing the difficulties involved in planning and constructing our Hoddesdon plant, I am fully satisfied with the results: not only did we go into full production within 17 months, but construction costs were kept strictly within the original estimate."

Mr. R. D. McLeod, Director of Cubitts, says: "We like to have the opportunity of participating in the planning of our clients' projects. Fast construction at economic cost follows from the application of specialist services and practical experience available within our organisation. Applied at Hoddesdon, this was a major factor in the successful completion of the project."

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Continued from page 560

that its nerves were rawly exposed," suffering from "an excess of democracy." War, even civil war, gave some relief from an almost unbearable tension.

It is as much a part of this uneasy decade, with violence never far from the surface, that the conservative, vacillating Buchanan sent a military expedition against the Mormons as that the radical fanatic, John Brown, led the raid on Harper's Ferry. The tension was not confined to Kansas, or to slavery. In trekking west, the Mormons sought to escape from a society that, however dedicated to the idea that the individual was the master of his own destiny, was unable to understand, and eventually grew to hate, the excessively odd. The Mormons were odd. Their attitude of moral superiority must have seemed irksome and their social customs (especially polygamy) strange, and even immoral, to those who put their faith in democratic solutions, but who were not disciplined enough to recognise the right of others to the non-conformity they claimed for themselves. Brigham Young sensed that compromise was impossible at that time and at the moment of crisis was prepared to urge yet another trek upon the Mormon people, even into the deserts, in order to escape from fighting a force that in itself was not strong enough to impose a lasting solution by force.

The Mormon war was not a war. Rather it was a military demonstration, composed of long marches and a few scuffles. It is examined with an extraordinary abundance of detail by Professor Furniss. He is clear and dispassionate. There was something more to this conflict, as he makes plain, than an attempt to assert Federal authority—just as there was to the Civil War. The Mormons and their problems were soon forgotten after Fort Sumner. But some of the soldiers who marched to Utah then revealed traits in their character that were to have their influence on the battles fought in Virginia and Tennessee. For example, it was the convivial FitzJohn Porter, broken after the battle of Second Bull Run for being too much a McClennan man, who urged the band to play an obscene ballad, "One Eyed Riley," as the troops marched past Brigham Young's house. Harry Heth dithered in Utah; later he was one of the less brilliant of Lee's lieutenants. Albert Sidney Johnston commanded the Mormon expedition and continually urged military action and punishment; with the same impetuosity he sent the Confederate army charging full-tilt at Shiloh, riding forward to his own death to become one of the mythical might-have-beens of the South.

Minding One's Business

Exploration in Management

By Wilfred Brown.
Heinemann. 348 pages. 30s.

THIS book is written by the chairman of Glacier Metal, the company previously reported on in "The Changing Culture of a Factory," by Dr Jaques. It is addressed both to the interested outsider and to all employees of the company as a description of the ideas and methods prevailing in Glacier Metal.

Most books on management either consist of superficial generalisations with anecdotal illustrations or have a theoretical framework that is too pretentious for the present state of management knowledge. The first are usually well written, but not worth reading; the second may sometimes be worth reading, but are often unreadable. This book is a rare exception as it combines a thought-provoking analytical approach with a wealth of actual examples of how this analysis was applied in Glacier Metal and—most unusually—a discussion of the problems which Mr Brown feels need further exploration.

Mr Brown's analysis of management problems should help to convince others of his main thesis: the need for greater awareness among managers of what is actually happening in their organisation in comparison with what they either want to happen or think is happening. He lays stress on the need for an objective analysis if management is to be effective, an analysis, for instance, of the changes taking place in the organisation as a result of changes in the work. He suggests that many problems that are attributed to personalities will be found on analysis to be due to organisation.

It is a pity that in a book which is so worth while, Mr Brown should try to claim too much, but two of his reasons, given on page 11, for believing that his description of organisation is valid for industry in general are highly questionable, if not ludicrous. These are, first, that his company "is subject to all the normal cultural pressures of British society and British industry" and, second, that "we employ 3,600 people. With a sample of this size it would be unrealistic to maintain that we were not an average cross-section of the British population."

Horseless Progress

The Motor Car, 1765-1914

By Anthony Bird.
Batsford. 256 pages. 25s.

SO much interest in old motor vehicles is now displayed in almost every country in the world that people are looking back with interest and enthusiasm to the automobile's origin. Whereas the steam coaches and the early petrol-driven car were taken for granted, and seemed to have no future at the time of their appearance, it now becomes imperative to look back and see such history in clear perspective.

Mr Bird does this extremely well in a beautifully produced book relating to the first century-and-a-half of horseless-carriage development. As the reader passes from accounts of pioneer steam carriages to the experimental petrol cars of Benz, Daimler, Knight, Panhard and Peugeot, he must think that there is little new under the sun. The author uses clear line drawings to remind us that steering column gear levers are nearly as old as the automobile, that Renault had a constant-mesh gearbox as early as 1899 and that de Dion introduced the first, and successful, high speed engine, which necessitated contact-breaker electric ignition, on his tricycles in 1895. In telling the story of the ancestors of the modern car Mr Bird carries his account along with occasional touches of humour; nor is he averse to correcting technical errors and dubious statements that have prevailed for years in other sources of reference.

Having told us accurately how the motor car came into being around the world at the turn of the century, the author considers automotive developments during the Edwardian years, rightly devoting a separate chapter to the work of F. W. Lanchester, another to those immortal cars the model-T Ford and Silver Ghost Rolls-Royce. This is a valuable book for students; it will save them delving about in dusty archives and studying volumes that were not always so well informed as they should have been.

At the King's Will

The English Jewry under Angevin Kings

By H. G. Richardson.
Methuen. 322 pages. 35s.

THE history of the Jews in medieval England, until their expulsion from the realm by Edward I, would seem at first sight to be of specialised interest only—an interesting cul-de-sac off the main road of events. Mr Richardson's book is in fact designed for the student. It is a scholarly work, which gives in detail the financial and social position of the Jews during this period, and its chief interest for the social and economic historian lies in the clues it gives to the part played by the Jewish community in the economic life of the time, particularly in the sale and acquisition of land. "Creditors of no other class were incapable of acquiring a freehold interest in land while acquiring the right to dispose of land. This circumstance . . . caused the Jews to become the vehicle—though not, of course, by any means the sole vehicle—for the transfer of land."

But beyond this rather specialised interest, Mr Richardson's account shows, with relevance to our own time, the tragic position of the Jews in the face of a hostile Christendom. In England, the Jews lived largely beyond the frontier of the common law. They belonged to the king, and were protected by him while it suited him to do so, but they had no certainty that such protection would continue. It is this essential precariousness which strikes the reader most forcibly; and while individual Jews such as Aaron of Lincoln might attain considerable wealth, their assets would revert to the king on their death, and the heirs could inherit only after payment of a prohibitive price. Hatred against them was fanned by the Crusades, and after the Lateran Council of 1215, they had to wear a special garment, the tabula, although in

England it was possible to evade this by payment of a fine. Their expulsion by Edward I is the clearest example of how their existence depended on the arbitrary will of the king. Whatever Edward's motives, it is safe to conclude that the king's decision was England's loss.

Out on a Limb

Stranger Within

By Francis Oppenheimer.
Faber. 431 pages. 42s.

In his ninetieth year, Sir Francis Oppenheimer has brought out this account of the first, the official, half of his life. Born in London in 1870, and educated at the Frankfurt *Gymnasium* and at Jowett's Balliol, he has not a drop of English or of German blood in him: his descent is purely Jewish, and this has coloured his career. At school it exposed him to savage anti-semitic bullying; and when later he became the first of his race to enter the British foreign service, racial and social prejudice seem to have combined to keep him from the eminence he might have claimed by his abilities. For his father, a self-made merchant patriarch, had been British consul general at Frankfurt; and the son, succeeding him when he died in 1900, thus entered the foreign service by what was then regarded as the tradesman's entrance.

Oppenheimer's reports on German trade were so clear and comprehensive that notice had to be taken of them; Eyre Crowe early picked him out for promotion, and when the great war began he had attained the rank of counsellor in the embassy at Berlin, though still living and working at the provincial capital where he had been brought up. For most of the war he was commercial head of the British mission in the Netherlands, and played a prominent part in organising the blockade of Germany. It was he who suggested the Netherlands Oversea Trust, set up in the autumn of 1914: a body of Dutch business men who guaranteed that cargoes consigned to them from neutral countries would not go on to Germany. The trust's activities eased substantially the tension between the United States and Great Britain about American trade with European neutrals.

Anti-German feeling in England grew harsher as the war went on; and since Sir Francis had a German name, he was in the end recalled from The Hague as a sop to it. Though Crowe supported him, Hardinge did not; the Foreign Office seemed to have nothing for him he thought worth his while. Conscious that he had done his stint of public service, he resigned in 1920 to take up again his real creative interest—painting. Although he was not, he feels, received in the diplomatic service as he deserved to be, his book gives the impression at first glance that he has mastered the art so many English diplomats have practised, of writing inane memoirs. Certainly much in this book might well have been left out, particularly the testimonials to the author's abilities; but there is also a mine of information for the social historian about the way the upper bourgeoisie behaved from the eighties down to 1914, all accurately observed and some of it of penetrating interest: the remark for example that to see a country gentleman and his wife opening the servants' Christmas ball by dancing with the housekeeper and the butler was "a sight wholly inconceivable in Germany."

Looking at Business

Social Science Research on Business: *Product and Potential*

By R. A. Dahl, M. Haire and P. F. Lazarsfeld.
Columbia University Press. London: *Oxford University Press.* 196 pages. 24s.

Social research on business is much more common in America than in Britain, but the Ford Foundation would like to see still more. It therefore commissioned this book, which consists of three essays surveying research on business by political scientists, psychologists and sociologists. The authors are mainly concerned with pointing to gaps in existing research rather than with producing a comprehensive summary of relevant research in their subjects.

Much the most readable of the three essays is the first one on business and politics by Mr Dahl, but it is easier to write attractively about what is not being done than to compress into a small space a description of a great diversity of activity and still retain the reader's unforced attention. Mr Dahl is able to do the first, while the other two authors try, rather unsuccessfully, to do the latter.

Mr Dahl deplores the failures of political scientists to consider the many important and even urgent questions which he thinks they should examine in business. Mr Haire in psychology and industry traces the contribution of personnel psychology, human engineering and industrial social psychology to an understanding of business. He points to the fact that social psychologists tend to assume that the organisation's goals should be sacrificed to the individual's, and suggests that they should make their underlying social philosophy more explicit. The least satisfactory of the three essays is Mr Lazarsfeld's on sociological reflections on business, as he apparently lacks Mr Haire's capacity both to digest vast quantities of research material and to present a broad perspective of progress and limitations in his subject. The last two essays have extensive bibliographies.

None of the writers has much use for the contribution of economists to an understanding of business behaviour.

Museum Pieces

Catalogue of the Constable Collection

By Graham Reynolds.
Victoria and Albert Museum. *HMSO.* 267 pages and 310 plates. £6 6s. od.

The Fashionable Lady in the 19th Century

By Charles H. Gibbs-Smith.
Victoria and Albert Museum. *HMSO.* 184 pages. 25s.

Two more first-rate publications have come from the Victoria and Albert Museum. The first is a catalogue of all the paintings, oil sketches, water-colours and drawings by John Constable in the museum and is the impressive work of the Keeper of the Department of Paintings. After an introductory essay, more than 600 items are described (counting the individual pages of three sketch-books) and nearly all of these are reproduced (in black and white). The arrangement is chronological and each year's entries are preceded by a short biographical note. This volume will be a delight to students and admirers of Constable's works.

The second book presents an enchanting study of how the woman of fashion dressed in the last century, with groups of fashion plates for the first year of every half-decade. And what a century of fashion change it was. From the loose classical style to the full-skirted primness of the early Victorian dress, the bustle replacing the crinoline, and then the transformation to the severe, tight-laced, bodice-conscious style of the turn of the century. And, to present-day eyes, what splendid bonnets, hair-dos—and expressions.

OTHER BOOKS

The Seven. By F. V. Meyer. *Barrie and Rockliff* with *Pall Mall Press.* 148 pages. 18s.
This is the first book in English on the European Free Trade Association. It provides some useful descriptive information, but much of it is a not particularly convincing apologia for the Seven as a political idea. It is hard work to read it.

The Schuman Plan. By William Diebold, Jr. *Council on Foreign Relations.* London: *Oxford University Press.* 770 pages. 57s. 6d.
Europe's Coal and Steel Community. By Louis Lister. *Twentieth Century Fund.* 495 pages. $8.00.
These long studies of the Coal and Steel Community provide American readers with a complete picture of what has been achieved in Luxemburg in the past nine years. William Diebold's study approaches the community from a political and historical angle, describes in detail how it works in practice, and what it means to the politics of Europe. It is perhaps the most comprehensive picture of the community that has appeared in the English language. Mr Lister's study is less well written and more concerned with describing the economic impact of the community.

INDEX

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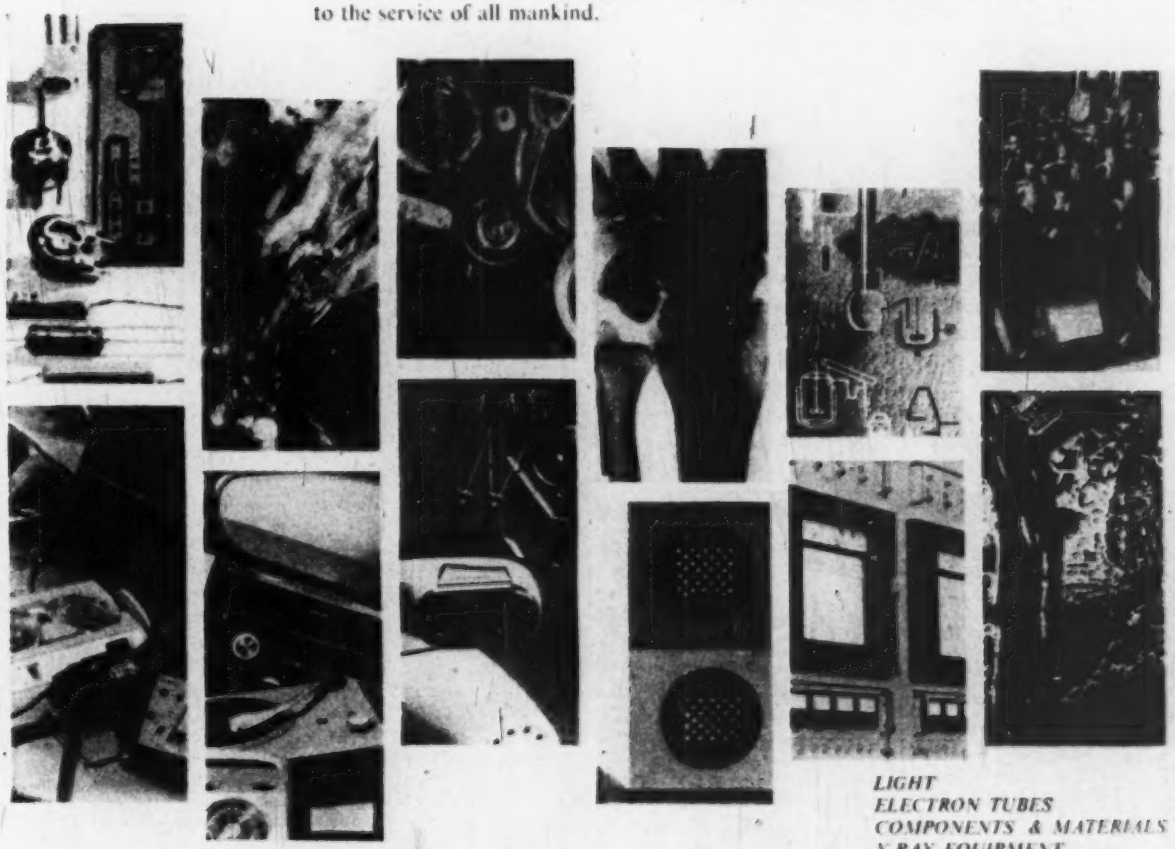
The Publisher, 22 Ryder Street, St. James's, London, S.W.1

THE THIRTEEN PILLARS OF CONTINUITY

The drawback with specialising is lack of broad experience: the trouble with broad experience is lack of specialised knowledge. Fuse the two, however, and you create a dynamic force. In 1946 Philips was one of the largest electrical and electronic organisations - with unusually wide experience. In that year its core was put under the managerial microscope, examined and dissected into self-contained divisions, each controlling a separate group of Philips' rambling activities. These thirteen *specialist* divisions are the pillars on which the Philips Federation is balanced. Their function: to keep the federation on top in and through their particular fields. In this age of specialisation only the specialist can press ahead. He can press further when nourished by the resources and experience of a world federation of industries, with a common aim: to bring the unbounded resources of electronics to the service of all mankind.



WORLD FEDERATION OF-INDUSTRIES

LIGHT
ELECTRON TUBES
COMPONENTS & MATERIALS
X-RAY EQUIPMENT
RADIO, GRAMOPHONES, TELEVISION
DOMESTIC APPLIANCES, ELECTRIC SHAVERS
INDUSTRIAL, NUCLEAR AND SCIENTIFIC EQUIPMENT
RECORDS
ELECTRO-ACOUSTICS
CHEMICALS
TELECOMMUNICATIONS
GLASS
DIAMOND DIES, PLASTICS

PHILIPS

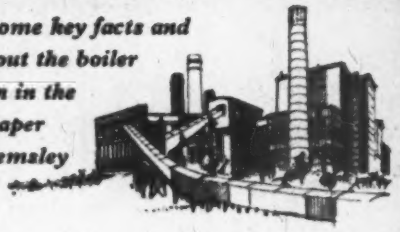
Coal keeps **Bowaters** in the news

THE MEN AT BOWATERS who run their international organisation producing paper, board and packaging of all kinds have a precise knowledge of all that goes to make their top quality products. That is why they chose coal to run the power-houses that begin the process of paper-making at their great mills in the United Kingdom.

They chose coal because coal, mechanically stoked, provides the maximum heat at lowest cost. Furthermore, modern coal burning equipment is smokeless, and our coalfields can produce—for generations to come—*all* the coal that British industry will need.

The next time you are working out your fuel problems, remember Bowaters. For their pulp and paper mills in Kent and Cheshire they chose coal—one of the factors that point to a buoyant future at Bowaters. The same decision made by you may well begin a success story that could make headline news—on Bowaters' newsprint.

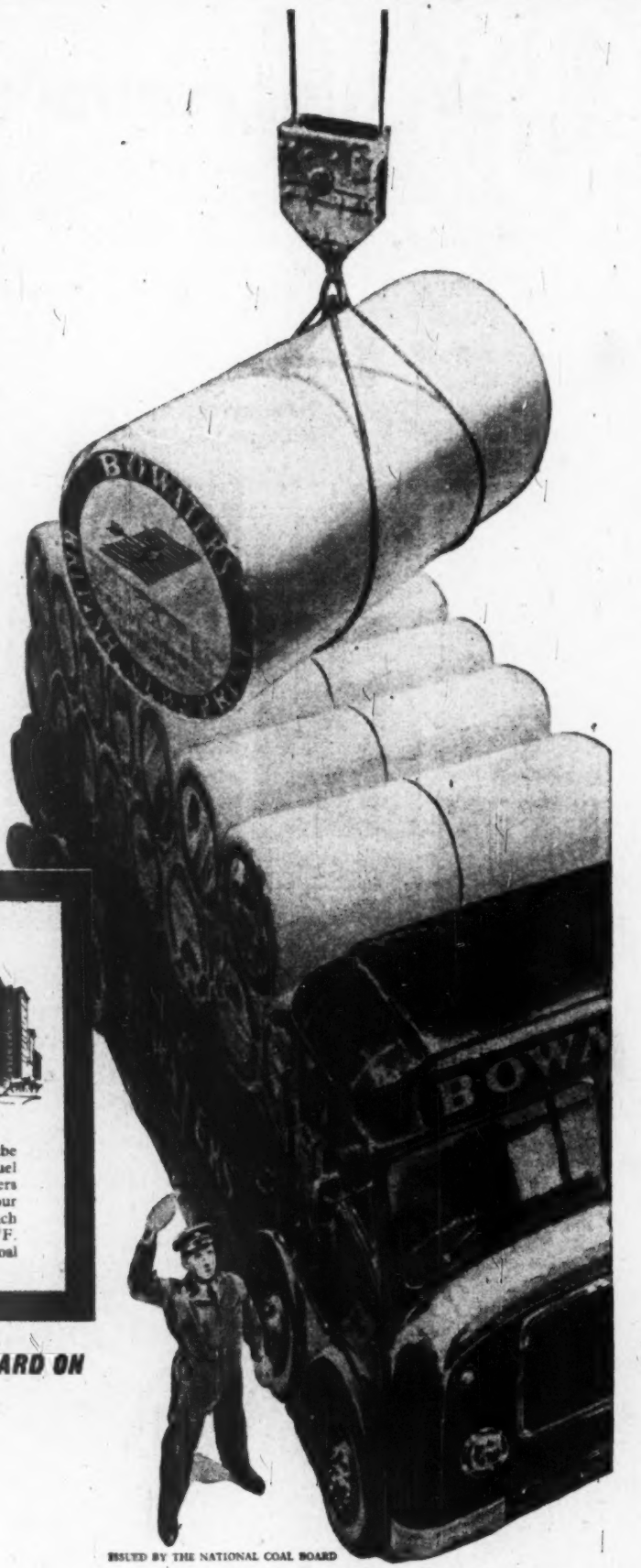
Here are some key facts and figures about the boiler installation in the Bowater paper mills at Kemsley



Boilers:	10 water-tube
Method of firing:	Chain grate stokers and pulverized fuel
Boiler efficiency:	80% old boilers, 88% new boilers
Maximum steam rating:	940,000 lbs per hour
Maximum steam pressure:	1,500 lbs per sq. inch
Maximum steam temperature:	915°F.
Annual fuel consumption: (*Kemsley alone*)	320,000 tons of coal

PROGRESSIVE INDUSTRY IS GOING FORWARD ON

COAL



ISSUED BY THE NATIONAL COAL BOARD

LETTERS

Nuclear Humbug

SIR—It is fascinating to learn from your correspondent lately with the British forces in Germany that (page 471, October 29th) "increasing responsibility for deciding when to use these [nuclear] weapons is being put . . . on brigade commanders." Those of us who for realistic reasons believe that Britain should abandon the use of nuclear energy for military purposes have repeatedly stated that political control of nuclear weapons is technically impossible. Now *The Economist* has let the ugly cat out of the bag of evasions which Ministers have woven around it. But in order to preserve the constitutional proprieties, may I suggest that all brigade commanders should at once be made Privy Councillors and regarded as the nuclear operational sub-committee of the Cabinet, each officer ranking with but before the Minister of Defence. I appreciate the possible difficulties if one brigadier felt impelled to start up an exchange of tactical nuclear weapons (almost certain to see-saw up to the H-bomb level) whilst his neighbour thought otherwise. I confess I see no solution of this problem. Perhaps after all it would be best to relieve these officers (who will shortly be joined by German brigadiers) of the responsibility for the future of mankind by removing the nuclear weapons.—Yours faithfully,

STEPHEN KING-HALL

Bordon, Hants.

From Baghdad to Beirut

SIR—As legal adviser to the Kingdom of Saudi Arabia for petroleum affairs I have never expected your periodical or any similar one to reflect a bias toward the oil producing nations of the Middle East; the interests to which you appeal should properly find in your editorial policy both consolation and the reflection of their views and hopes. However, in my opinion the article in your issue of October 15th cannot be justified on such a ground. I feel that it must reasonably be taken as an effort to make the Baghdad meeting appear as an operation connected with or subsidiary to the Arab League. This of course it was not. Knowing the facts at your command before you attempted an interpretation of the Baghdad meeting—including the texts of the resolutions and their signatories—it can scarcely be attributed to inadvertence that you failed to mention the equal participation of Iran in that meeting and in the agreement there reached. The Baghdad meeting, as all now know, cut across lines of race, religion and politics and dealt with the problem of petroleum prices as the major petroleum exporting nations of the world saw it from a simple economic standpoint. It was not organised by, on behalf of, nor at the suggestion of the Arab League; two of the five participants were not members of the Arab League and never could so become. And at least one of them would probably be politically unacceptable to the Arabs. In spite of its diverse membership the Baghdad meeting was a successful one in which there were at no time political frictions. It was decisive, straightforward and simple in purpose and in result. What came later at Beirut was no direct continuation of the Baghdad effort. It merely reflected a similar concern by the Arab League with the same problem. As you should know, one of the major signatories was not present at Beirut. In my opinion you owe some of your readers an apology for an inexcusable factual omission and for the slant of your interpretation so naturally to be based on that omission.—Yours faithfully,

FRANK C. HENDRYX

Jiddah, Saudi Arabia

[To our shame, if to Mr Hendryx's surprise, the omission of Iran from the list of founders of the Organisation of Petroleum Exporting Countries was inadvertent. The article nowhere mentioned the Arab League; nor did it connect OPEC with the Arab League. These matters are further discussed on page 579.]

Scholars in Limbo

SIR—In *The Economist* of August 20, 1960, we read on page 730 in an article from your special correspondent that a number of specific proposals have been advanced to reform the system of higher education in economics in the United States. Among them is mentioned "a compulsory first-year course in methods of research."

You may be interested to know that at our university this proposal has already been carried out. In Mexico we had the experience that many students had too many difficulties with economic research projects while writing their thesis, or after their final degree when they had to face economic research projects. Last year the Netherlands School of Economics in Rotterdam started a course in social and regional research, in which much stress is laid on methods of research. Recently the Washington University in Saint Louis, Missouri, started a similar course about research and survey methods (three class hours a week).

This year we began at our university a compulsory course in methods of research. We give seven hours a week, consisting of one hour on "Theory and Practice of Economic Research" and six hours compulsory research work for the students in the Centre of Economic Research, affiliated to our Faculty of Economics. During those six hours the students do all kinds of research work under close supervision, and during those hours the students are taught economic research as good cooks are taught in the kitchen, baking the cakes themselves.—Yours faithfully,

C. A. CANNEGIETER,
Professor

University of Nuevo Leon, Mexico

The Chipped White Cups of Dover

SIR—I don't think your footnote to my brief letter is just (October 29th, page 453). The meeting of the Fabian Executive, which had to decide about Dr Young's pamphlet, was to be held a very few days before the Scarborough Conference. As the pamphlet had, in Dr Young's view, to be out by the time of the conference if it were to be of any use, the officers of the society took the very unusual step of having it set up in type so that it could be run off in time for publication by the society if it so decided, or, as it turned out, by somebody else.

It is a little hard that courtesy should be represented by you as a breach of faith. Dr Young, as a past member of the Fabian Executive, knows well that "interest shown" is not, and never has been, a guarantee of publication; pamphlets by the society's late president went through the same procedure.—Yours faithfully,

MARGARET COLE

The Fabian Society, London, SW1

Friendly Persuasion in Ceylon

SIR—Your Colombo correspondent states (October 22nd, page 341) that the mass of the people in Ceylon "look upon rich lawyers and medical specialists as an exploitable class. But such a tax [on the professionally qualified] is not only unprecedented and bad in principle; when extended to engineers, architects and accountants it is scarcely wise in view of the country's need of technical and managerial skills."

This carried for me the interesting implication (I do not know whether it was intended) that the last three professions were to be regarded as economically more important and, perhaps shall we say, less parasitic than the first two.

I should be interested to know if this is, in fact, the view of orthodox economists. The implication is carried rather further by the interesting diagram on the coloured centre page, in which I observe that doctors occur amongst all those occupations quoted as having the least increase in earning power of any since 1951.—Yours faithfully,

JOHN FOSTER

Leeds

THE WORLD OVERSEAS

Canadian Disenchantment

FROM OUR OTTAWA CORRESPONDENT

MANY people, in many parts of Canada, are feeling bothered and bewildered about the business outlook ; and it is long time since the public looked to Ottawa with so much readiness to accept government guidance in their perplexities and government cures for their ailments. After a decade of euphoria, depending more than most people recognised upon foreign investment, most Canadians now seem to have fallen into a mood of disenchantment.

The disillusionment with the Diefenbaker government, which was demonstrated in four by-elections this week, is an element in this mood. Four seats were at stake, of which three were formerly held by Conservatives. The government retained only one. New Brunswick's former premier, Mr Hugh John Flemming, obtained a substantially reduced majority in spite of the prestige of his appointment to the Diefenbaker cabinet as the first minister of forestry. One Quebec seat of traditionally varying allegiance switched to the Liberals, who also held Niagara Falls with a much increased majority.

The big upset was in Peterborough, Ontario, a constituency of mixed light industry and farming, where a young schoolmaster gained a sweeping victory for a party still unnamed and officially unformed. The old Co-operative Commonwealth Federation is now affianced to the Canadian Labour Congress. When the marriage is consummated next year the new party is likely to adopt some name such as "Social Democratic Party." In the meantime the couple operate as one, with no more inspiring title than the New Party, and this is their first federal success. It is bound to be worrying to the Liberals, especially since Mr Lester Pearson's manœuvres to give the party a new radical face are still incomplete.

But Canadian disenchantment goes deeper than political discontent. During two tours across Canada within the last three months, your correspondent found a widespread and apparently growing conviction that Canada's economic policies need both drastic and immediate revision. People are looking to Mr Diefenbaker with a mixture of hope and scepticism. As one business man in Vancouver bluntly expressed it, "I don't care who takes the necessary action as long as it's taken. The point is 'Can Diefenbaker do it ? Would Pearson tackle it any better ? '"

The kind of action to be taken is as little clear to most business men, farmers' leaders, and trade unionists as to the harassed ministers and officials who have been trying to draft a programme in Ottawa for the last two months. But it has now dawned on most of the thoughtful people in Canada that the great boom in resources development, which was petering out just as the Conservatives came to office in mid-1957, has not left Canada with any stable basis for prosperity or for full employment. The repeated warnings of Mr Coyne, the governor of the Bank of Canada, have begun to take effect. The public and the politicians are beginning to worry about the huge scale of Canada's growing commitments for foreign payments, which it can meet only by the continued investment of new foreign capital. This situation has existed for at least five years, but it becomes cumulatively more burdensome, and it has been brought into the forefront of attention by the growing gap between the available employment and the growth of the labour force.

In official circles, and increasingly among the public, it is realised that this gap results from a long-term trend that is making the economy more and more unbalanced. It cannot be permanently corrected without a drastic change in Canadian habits and occupations. But meanwhile the treatment of the basic disease is greatly complicated by two short-term phenomena. Instead of the expected recovery of 1960, the Canadian economy declined in the second quarter of the year, and it has done little better than hold this level since then. In addition, the United States situation is puzzling people here as much as in Europe ; this, too, makes for cautious business attitudes. These short-term factors making for depression, coupled with the underlying imbalance of the whole economy, promise the worst winter of unemployment Canada has experienced since the nineteen-thirties.

Inevitably, therefore, Mr Diefenbaker's government faces the dilemma of attempting to relieve the immediate situation without taking measures (such as yet greater reliance on foreign capital) which would undermine the long-range cures that are necessary. Parliament has been summoned for November 17th, and it is understood that Mr Diefenbaker has in preparation a series of measures to be launched under some such title as "national development programme." There is lively curiosity, as well as deep concern, about what the nature of the programme will be.

The French Press

FROM OUR PARIS CORRESPONDENT

THE French have a reputation for thinking for themselves ; but the French popular press is more remarkable for its conformism and docility. The fairly frequent seizures of opposition weeklies, and the repeated threats of a revision of the press laws, are reminders of the weapons the government has at its disposal for dealing with newspapers that are recalcitrant. But neither censorship nor its insidious companion, self-censorship, fully explains the atrophy of critical faculties in most of the French papers with a mass circulation.

A French colleague suggested three kinds of additional reasons to look for. Newspaper owners and editors, he argued, belong to the Parisian Establishment which, beneath a thin Voltairean veneer, hides a deep respect for authority. Secondly, there is the influence of the customers, whether reader or advertiser. Last but not least, the structure of the newspaper industry has altered greatly: a financial restoration has gradually undone all the superficially revolutionary changes introduced at the end of the war.

Régimiste is a word coined to describe men who manage to prosper despite the vagaries of political life by preserving a permanent respect for the powers that be. This adjective could easily be applied to most French dailies for their treatment of successive governments in recent years. Only the Mendès-France administration had to contend with an openly hostile press. The exception seems to confirm the rule ; M. Mendès-France was always an outsider in Fourth Republican politics. Thus, the gaullist republic did not start the fashion for caution and conformism, but merely strengthened an existing trend. Even newspapers that had a

grudge against General de Gaulle, because of his past as leader of the Resistance, swallowed their grudge when he returned as the champion of the new law and order.

Fear of readers' reactions is a more arguable factor. It is said that the respectable *Le Figaro* lost several thousand readers because of M. Mauriac's articles against the Indo-Chinese war. Such rumours cannot really be checked ; yet even if this one were true, it would not follow that the newspapers do pay much deference to readers' opinions. It is known, for instance, that two of the Paris popular dailies, while right-wing in their politics, have a substantial proportion of readers who vote communist. This has never driven their editors to be particularly tender to communism, French or international ; quite the contrary.

The influence of advertisers on policy is always an obscure subject, and no clearer in France than elsewhere. French newspapers, though their price is below their production cost, depend less on advertising revenue than the British press does. The relatively short supply of advertisements could make them more, rather than less, vulnerable to pressure, but this is a debatable point. The government is an important advertiser itself. It also has two powerful financial weapons: its permission must be obtained for any increase in the price of a newspaper ; and it could withdraw the special freight rates that newspapers enjoy.

IN the enthusiastic mood of liberation, members of the newspaper association drafted lofty bills of rights and duties, describing the press as " an instrument of culture . . . designed to serve the cause of human progress " and arguing that it could only be called independent if free from governmental interference and financial shackles. The disappearance of a mass of newspapers because of collaboration with the enemy provided the opportunity for a fresh start. Those newspapers that had gone on publishing beyond a certain date during the German occupation were suspended or condemned ; compensation was to be decided later. A special commission was set up to deal with the property and lease it to authorised newcomers ; the legal settlement dragged on till 1954. Journalists coming mainly from the resistance movement took over. For a period the general interest in political events and the lack of real commercial competition—paper and capital being both, at that time, scarce—led to the surprising result that party political papers enjoyed the biggest circulations. But the laws of the market gradually reasserted themselves, while interest in politics dwindled. Money was needed to make bigger papers to attract readers and, hence, advertisers. Financial backers thrown out at the front door soon came in again at the back.

France has few press lords, if a press lord is a man whose main fortune is in the newspaper world. M. Amaury, who spends some of the profits from the sensational *Parisien Libéré* and other press enterprises on *Carrefour*, the weekly mouthpiece of the " French Algeria " movement, could fit into this definition. M. del Duca, the Franco-Italian king of the *presse du coeur*, is also mainly a publisher. But most of the money that finances the press has come from other industries, as a by-product. Thus, the textile industrialists have shown a particular predilection for the press: of the main Paris dailies, *Le Figaro* is connected with wool (M. Prouvost), another with cotton (M. Boussac). The French paper with the largest sale, *France-Soir*, is now linked with Hachette, the giant firm that dominates French newspaper and book distribution.

Le Monde, the pride of French journalism, has resisted the restoration of the old financial regime, though only just. A group of business men, recalling the secret prewar purchase of *Le Temps* by steel magnates (of the Comité des Forges), made a series of attempts to repeat this performance with its successor. In the end they were thwarted by a change in the company's statutes and the granting of shares to the editorial staff to ensure that the editor cannot be changed as long as his staff supports him. Having failed to take it from within, the same group set out to beat *Le Monde* by competition. To take readers away from *Le Monde* was at least one of the motives for launching the *Temps de Paris* in the spring of 1956. But the venture lasted only two months and has been said to have cost about half a million sterling.

The concentration of the newspaper industry has not yet gone as far as in Britain. The French reader pays more for his paper (usually about 4d., and 5d. for *Le Monde*). Circulations and advertising revenues are smaller. *France-Soir*, the only newspaper with more than a million circulation, has roughly the circulation with which *The News Chronicle* could not survive. Even with less than half that number of readers a Paris daily can still be above the safety level. Lower down in the circulation scale, a paper may owe its survival to special circumstances of some sort. Thus the communist *L'Humanité*, with about 200,000 copies, is presumably subsidised by the party. The other paper of the extreme Left, *Libération*, with just over half that number, must have some difficulty in balancing its accounts.

The Paris dailies are not quite national in the British sense. Indeed, the balance has shifted since the war in favour of the provincial press. Out of a total daily circulation of about 12 million copies, the Paris papers account for only just over a third. Most of the editorial matter, however, in the provincial press comes from Paris. But by multiplying the number of regional editions and recruiting direct subscribers (thus cutting out the distribution margins) the provincial papers have so far managed to resist Parisian attempts to regain territory lost during the war. *Ouest-France*, published in Rennes, has a circulation of about 600,000 ; eight other provincial papers print more than 250,000 each.

French newspaper economics still seem to be in transition. Slowed down for a time by the postwar arrangements, the process of concentration has resumed its course. The French press now faces the competition of commercial radio, but not yet of commercial television. The outcome of these processes is hard to forecast, just as it is hard to know whether the dailies will recover their critical faculties, or will leave to the weeklies political controversy and subjects distasteful to authority. The press does not, after all, grow in a vacuum, but reflects the country's life.

Belgians Return to the Congo

FROM OUR BRUSSELS CORRESPONDENT

IN spite of Mr Hammärskjold's two letters of complaint to the Belgian government, Belgians are returning thick and fast to the Congo. Sabena has laid on extra aircraft to carry them ; and it seems that even a direct UN prohibition would scarcely stop the flow. Many of those going back are employed by private firms, who have offered their agents the choice of return or dismissal. It is estimated that about 10,000 of these are back at work. Many have taken their wives and families with them, and are settled for the most part in the urban centres, particularly in Leopoldville, where they are reported to be hostile to the United Nations and an embarrassment to its administration.

The Belgian government clearly cannot accept direct responsibility for these employees of private firms ; but the case of those Belgians returning to employment in the Congolese administration, so far estimated at 2,000, is rather different. Critics of Belgium in Leopoldville complain that Brussels has established a network of its own to recruit staff for the Congo, completely by-passing the UN authorities there. But from Belgium the affair looks much less sinister.

When a Belgian civil servant returns to the Congo he still does so through the Ministry for African Affairs, just as he did in pre-independence days, when the ministry was known first as the Ministry for the Colonies and later as the Ministry for the Belgian

Congo and for Ruanda-Urundi. The only difference is that now it can send staff only if the Congolese ask for them. It is still the only body that can arrange for their inoculation, and other administrative needs, even their visas. The sole exception is in the case of Katanga, which has set up its own small delegation here and issues its own visas, but still sends all recruits to the Ministry for African Affairs for the necessary health clearance. A senior official of the ministry agreed that this situation was anomalous. "We go on issuing visas," he said, "as we do for Ruanda-Urundi, because there's no one else to do it."

More important, perhaps, than the issue of visas is the fact that the Belgian government pays one third of the salaries of all Congo civil servants recruited from Belgium, again without reference to any UN views or wishes on the matter. But this, too, in Belgian eyes, is a natural and legitimate survival from the old days before independence, when the Congo, although Belgian, provided the other two-thirds of the pay from its own budget. Under the Treaty of Friendship and Assistance between Belgium and the Congo, this traditional arrangement was to continue, but with one-year instead of three-year contracts; and although the treaty has never been ratified, neither has the Congolese constitution by which the Afro-Asian block now sets so much store. The treaty is therefore as valid, the Belgians claim, as anything else in the Congo. Belgians also stress that no individual is allowed back except on direct request from the Congolese authorities, as provided for in the treaty. When asked who "the Congolese authorities" are, they answer: whoever is an effective force in his own area. Telegrams, letters, and sometimes visitors from the Congo arrive in Brussels with requests for a specific number of teachers or of veterinary, agricultural, or forestry experts for a certain area of which some Congolese is in effective control.

BELGIUM, of course, has a direct interest in the return of its experts to the Congo. They are expensive to keep at home, and some of them are socially disruptive: repatriates from the Congo led a recent demonstration in which 25 police were injured, nine of them seriously. Such bitter antagonism is something that M. Eyskens's already unpopular government can ill afford. Moreover, Belgium badly needs to restore its own economic links with the Congo. With its rate of industrial expansion lagging behind that of its common market partners, it is already accusing itself of being "the sick man of Little Europe."

Already, indeed, beneath the froth of political quarrels centred in Leopoldville, economic life appears to be reviving. Otraco, for example, one of the biggest transport firms in the Congo, with road, rail and water networks throughout the country, now claims to be operating all its normal schedules: at the port of Matadi, in September, it handled a round total of 54,000 metric tons of exports. How much of this recovery is due to the United Nations is not made clear in the company's report.

It should not be forgotten, however, that whatever the political blunders, Belgians had established in the Congo economic and welfare systems that were internationally regarded as models of efficiency; and they can justly claim to know the country better than anyone else. For instance, the same insistence on the sacredness of the mother tongue which causes Flemings to be so difficult at home had led a great many of them to master different Congolese dialects. How many UN officials, one wonders, can be expected to do the same? In view of their expert knowledge, of the urgency of the situation, and of the present financial burden on the UN, it would seem a matter of common sense to allow the Belgians to return. Diehards and fanatics amongst them should obviously be eliminated; but it should not be impossible for the others to establish some *modus vivendi* with Mr Hammarskjöld, perhaps by their recruitment as UN personnel.

This, however, would certainly depend on a change of attitude among Belgians, many of whom have come to regard Mr Hammarskjöld as little less satanic than Mr Lumumba himself. The Belgian foreign minister, M. Wigny, is incessantly sniped at here for what the Belgian press calls his "snivelling guilt-complex" *vis-à-vis* the United Nations. But the Belgian technicians already returning to the Congo are given more than one pep talk urging them to be circumspect with the Congolese and to respect the new state of affairs. Could they not also be told that the tenure of their jobs depends upon their co-operating wholeheartedly with the UN in its present difficulties: in short, to stop gloating over the mistakes that they deplore?

Italy's Industrial Cromwell

BY OUR SPECIAL CORRESPONDENT

THE spectacle of a nationalised fuel industry providing fierce competition with private enterprise, invading some new field of enterprise—from pubs to pipelines—almost every month, and making a profit into the bargain, would seem astonishing in Britain. The astonishment would be even greater if the two billion dollar enterprise had been created virtually from scratch within fifteen years by a Mr Robens who had acquired a monopoly of coal extraction in Lancashire and Yorkshire by sheer force of personality and influence at Westminster, negotiated the board's statute with the government some years after he had made it a success, and formed the habit of answering the attacks of the *Daily Telegraph* in a lively newspaper owned by the board itself. Yet that is a fair parallel with what Italy's Ente Nazionale Idrocarburi (ENI) and its president, Signor Enrico Mattei, have achieved.

In 1945 Signor Mattei, a Christian Democrat resistance fighter, was given the job of closing down the unsuccessful corporation which Mussolini had set up eight years before to look for natural gas. Instead of closing it down he himself looked for gas, found it, and with the help of powerful friends in Rome persuaded the Italian government and parliament to give him a monopoly of exploitation in the Po basin. Using the profits accumulated from gas production, which has risen from a negligible quantity in 1945 to 6 billion cubic metres a year in 1959, Signor Mattei has expanded into a great many other fields—oil exploitation at home and overseas, petrol distribution, the construction of Italy's first atomic power station, motels and engineering. ENI has bought a newspaper, which faithfully reflects his views. Today its brand signs for petrol and gas—a six-legged dog spitting fire and a green and black cat—are the most familiar of all advertisements beside the Italian roads.

Even more picturesque has been Signor Mattei's struggle with the international oil companies. A few weeks ago he came back from Russia with a contract worth $200 million to import three million tons of Russian oil a year in each of the next four years, in exchange for engineering products from Italian industry. This year he has twice cut the price of petrol by 2 lire per litre and forced the other oil companies to come down too. The Italian government, following his lead, has cut the petrol tax.

Signor Mattei hopes, in time, not only to whittle down oil prices still further, but to provide a larger proportion of Italy's fuel. Gas output is not expected to expand as rapidly as before, but new wells are coming into operation at Ferrandina in the south and gas, mixed with petrol, has just been struck in quantity at Enna in Sicily. In the field of oil Signor Mattei has won concessions in the Middle East by breaking with the oil companies' 50-50 formula. Italy at present consumes 18 million tons of oil a year. In addition to the three million tons from Russia, ENI hopes—by 1963—to get 2 million tons from new offshore wells in the Persian Gulf which have just begun to produce at the rate of 500 tons a day, and another 2 million from the field it is already exploiting in

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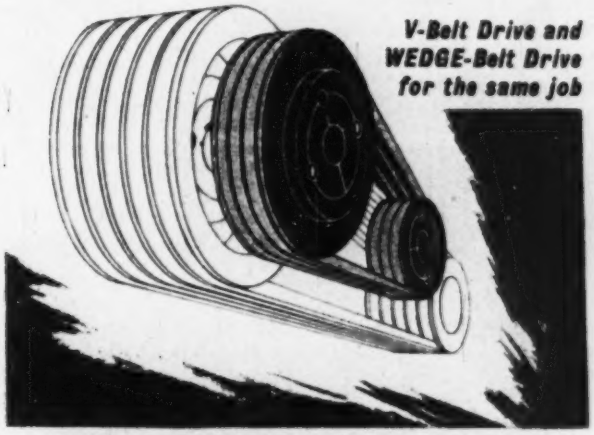

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Sinai. It also has hopes from concessions in Libya, and in Tunisia and Morocco, where it has won contracts to construct refineries in the face of competition from Esso and Shell.

Such insolent success has inevitably aroused controversy and made enemies for Signor Mattei. Last month Italy's cheap fuel policies and imports from Russia were roundly attacked in the parliament of the Six, where coal interests and French oil interests are strongly represented. But it is at home that Signor Mattei comes under heaviest fire. Critics in private enterprise say that his cavalier use of Italy's first abundant domestic fuel resource is an abuse. The price ought to have been cut to give industry cheap fuel. Monopoly profits from gas, they claim, together with increasing quantities of public funds, are enabling Signor Mattei to compete unfairly in other fields. Above all, he has become an extremely powerful man, and his economic empire a state within a state.

Signor Mattei retorts that despite the ploughing back of profits the industrial price of natural gas in Italy is the lowest in Europe. Whatever the criticisms, this new abundant supply of cheap fuel has undoubtedly been a major factor in Italy's industrial boom. Nor would the critics deny that ENI has brought down the prices of certain other key products, notably fertilisers, which it manufactures in its large petro-chemical plant at Ravenna.

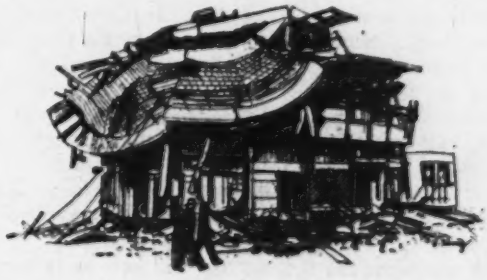
Far from living on subsidies from natural gas, each one of his enterprises, Signor Mattei also claims, makes a profit on its own. And he points proudly to the Nuove Pignone plant in Florence, a decrepit engineering works which was about to close down, bankrupt, five years ago, but which ENI has resurrected into a profitable engineering division with three years of work on its order books. ENI has undoubtedly enjoyed certain advantages—in taxation, for instance—over private companies. But in return it has been a dynamic and in many respects salutary force in the Italian economy as a whole.

But in politics Signor Mattei's critics seem to be on firmer ground. In 1953, after a long bout of controversy, ENI was placed under a new statute which limited its activities to the field of hydrocarbons and gave the new ministry of state participations precise powers of control over it. In practice the state has been an easy-going shareholder, raising not the slightest objection to Signor Mattei's excursions into atomic power, motels and engineering. Signor Mattei's power is the more invulnerable because he so plainly has no interest in making money for himself.

This powerful man, with his disarming sensitivity and charm, is not an ostentatious industrial *condottiere*, but a puritan—a Cromwell figure—whose strengths and weaknesses derive from his moral sense of mission. If he has set up a state within the state,

Reluctant Phœnix

BY A CORRESPONDENT



AGADIR was once a town of 40,000 people. It had a flourishing tourist trade, an expanding industrial area, and a port which handled the agricultural produce of the rich Souss valley, and which was also being developed to deal with raw materials from the iron and other mines in the neighbouring hills.

In a matter of seconds an earthquake destroyed it, and killed about 15,000 people, nearly a third of the population. Because of disease, and the smell, and rats, the main and older part of the town called the Kasbah had almost immediately to be neutralised by quicklime, the rubble was bulldozed into heaps and the whole area was sealed off from the outside world. The newer parts of Agadir, the European quarters and the tourist hotels were also wrecked beyond repair, and only the industrial zone and the suburb of Inezgane escaped more or less intact. There was, however, no tidal wave and the port and the harbour suffered little damage apart from some curious lumps on the sea bed and a few twisted cranes. The surviving inhabitants fled and settled in camps and tents that were hastily erected in the neighbourhood.

That was last February, and today it is still much the same. The port is working, after a fashion, two factories have been resuscitated, some tottering buildings have been demolished and a small square of land has been cleared. The town itself is dead and empty, and in the camps outside, the people of Agadir, homeless and workless, are being cared for by the International Red Cross and various agencies like the Save the Children Fund. Even these, one hears, will soon have to pull out because their funds, their resources and their patience are becoming exhausted in the face of the xenophobia and corruption of the Moroccan authorities. About a million pounds was raised for the relief of the people of Agadir, most of it from outside Morocco, and one of the favourite guessing games in Morocco is what percentage of it has been milked on the way and by whom.

After the disaster the Moroccan government said that it would set aside 50 milliard francs to rebuild the town and a special surcharge of 20 per cent has been added to a number of taxes to supplement this fund. The French government indicated that it would match this, pound for pound, if the European part of the new town was built at the same time as the Kasbah. There was talk of getting Le Corbusier to design a brand new earthquake-proof Agadir. The Crown Prince promised that the new would be started on the first anniversary of the destruction of the old.

So far, however, little has been done. At the end of June the King, whose good intentions few people would deny, laid the foundation stones of a new hospital, a new school and a new radio station in an area about 4 kilometres to the south of the old town. As, however, in spite of a plethora of committees and paper-work, neither the lay-out nor even the exact site of the new Agadir has yet been settled, it seems likely that these symbolic stones, to which fortunately perhaps no bricks and mortar have yet been added, may well have to be moved later on. Forty or fifty houses have also been put up, in a sort of temporary new Agadir known as the *cité d'urgence*, to rehouse the inhabitants. This has provided some employment for them, but for the most part they sit around in the camps or gaze at the ruined buildings and the empty spaces, and wonder when someone will start the serious demolition and rebuilding which alone will provide them with work for the present, and hope for the future.

it is a welfare state that he has created, as ENI's model schools and housing estates testify. Ask him or his young executives, as they sip their tomato juice, how motels and ENI's latest Bari plant for making electronic equipment can be described as hydrocarbons and they will brush the question aside without a qualm; the modern motorist is going to need a shower and a drink when he stops for petrol, they explain, while Italian industry will soon be entering the age of automation. They are creating something exciting and new in a lately backward country and the niceties of politics and the law do not interest them much.

ENI, with its diverse interests, is not an isolated phenomenon in the Italian economy. Though postwar Italian governments have followed liberal economic policies, strong monopolistic features still characterise Italian industry. For one thing, the small scale of the Italian economy, surrounded as it is by fairly high tariffs, means that there is simply not room for more than one major optimum producer in certain branches—like cars (Fiat) and chemicals (Montecatini). Moreover, from their earliest days the big Italian industrial companies tended, as elsewhere on the continent, to ramify horizontally into many fields of production. Nor is ENI the only state industry inherited by the Italian republic from Mussolini. The Institute for Industrial Reconstruction (IRI) controls a large number of firms in engineering, steel and shipbuilding—in all some 30 per cent of Italian industrial capital.

Economic forces, it is true, are now beginning to discipline Italy's powerful industrial concentrations with the breath of competition. The removal of quotas has had some effect already; so has the common market. Once the common market is fully established, Fiat's near-monopoly in the motor industry, for instance, like that of major firms in other branches of industry, will be a thing of the past. Foreign capital, notably from the United States, is providing another source of competition in almost every major branch of industry. As the expansive impulse from natural gas discoveries tails off, and Signor Mattei's activities spread into other fields, even ENI will face keener competition and keener financial tests. But the political problem of controlling the power of big industrial interests will not be easily resolved, for it is bound up with more wide-ranging weaknesses in Italian politics and the Italian state.

Poland's Economic Overhaul

BY A CORRESPONDENT LATELY IN POLAND

THE serious meat shortage in Poland a year ago led to a thorough and overdue investigation of the country's whole economy. The government found a good deal that was wrong and, in addition to raising meat prices, took three immediate steps to put things right. Cuts in employment were made, investments were curtailed, and a tightening up and readjustment of work norms was ordered. The planners also set out to strengthen discipline in industry and establish more effective controls.

Many of the weaknesses they discovered could be traced back to 1956. Mr Gomulka, on his return to power, took wide measures to decentralise the economy. So-called Works Funds were established; they were built up from profits in excess of the planned amounts. They could be used to pay additional wages, purchase social amenities, and finance expansion. It was therefore in the interest of each managing director to keep his plan modest in order to build up a large fund. To please his workers he was also tempted to keep work norms low, even when technical improvements justified an increase. In most branches of the engineering industry last autumn the 1953 norms were still in force, and it was quite common for workers in a number of industries to exceed their norms by anything from 200 to 400 per cent. Irresponsibility and indiscipline led to over-employment, unauthorised investment, over-expenditure of the wages fund, excessive overtime and unjustified absenteeism. Corruption, embezzlement and theft were also common; with a majority of workers hostile to communism, it was almost inevitable that they should be.

It is possible now to form an interim judgment on the reforms. The rise in meat prices and the decision to make Monday a meatless day stimulated production and led to reduced consumption. Mr Gomulka announced at a harvest festival on September 4th that the numbers of pigs and cattle respectively had increased by 12.5 and 4 per cent since last year. The dismissal of workers amounted to little, as there was still a labour shortage, and some managers admitted that the posts which they cut on government orders were those which they had in any case been unable to fill. But it did have the effect of emphasising the need to use labour efficiently and made possible the transfer of some workers to industries where they were urgently required. The curtailment of investment was only temporary and was aimed mainly at "wild" investments that had been undertaken without approval or adequate planning. It brought home, however, to local authorities and managers the government's determination to allocate capital and raw materials in the interest of the economy as a whole.

THE most important measure was the adjustment of norms. The lowering of piece-work rates and the increase in meat prices led to a temporary reduction in real wages last winter. There was discontent and grumbling, and in some cases men even downed tools. But the worst thing about the old norms was that they had often been grossly unfair. The workers soon got the idea that under the new system hard work and efficiency would be rewarded. So productivity rose and there was in the end less discontent than before. The whole process of revision will take a year or two to complete: in the case of complex and highly mechanised production processes the new so-called "technical norms" will have to be worked out carefully by specialists.

The general tightening of the economic administration has had good effects as well. The activities of different ministries, which previously tended to overlap or even conflict, are now being co-ordinated. Bottlenecks in the supply of raw materials have been eliminated. The general trend towards decentralisation has not been checked: on the contrary, the proportion of undertakings controlled by the local councils has increased, and the local authorities have been given more say in co-ordinating the spheres of action of their own enterprises and of the centralised key industries. But, in order to obviate abuses that crept in after 1956, central control has been strengthened over production plans, wages funds and investments.

It remains to be seen how lasting the effects of this economic spring-cleaning will be. Under a communist regime there is also always the problem of who supervises the planners and who has the last word. In Poland since 1956 there have been many differences of opinion between the comparatively orthodox party bureaucrats and the more liberal economic advisers in the administration. Characteristic of the government's dilemma is the question of wholesale supply prices. Last spring there was much talk of revising the artificially low prices of coal and raw materials used by industry, in order to make enterprises organise themselves on a more realistic cost accounting basis. At one stage it was expected that the new prices would be announced after the meeting of the central committee of the United Workers' party in June. But Mr Jedrychowski, the chairman of the planning commission, then announced that, owing to the need for "a thorough and careful preparation," the reform would not be carried out until the end of the year. Perhaps he felt that real cost accounting was incompatible with a fully planned economy. To postpone the unattainable is one way of avoiding disappointment.

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THE BUSINESS WORLD

Unanimosity After Beirut?

FROM OUR SPECIAL CORRESPONDENT

WHEN one of your hosts at a public meeting, a person with whom you do business and may have to go on doing business for years, smilingly accuses you before his friends and associates and yours of having swindled him and them out of about a thousand million pounds over the last several years, what should A do? This question of Arab courtesy fascinated about 450 of the 700 people attending the Second Arab Petroleum Congress in Beirut last month and exercised the others, who came from oil companies. It exercised particularly the smallish group of top oil company brass who had come from the United States and Britain to represent the major international companies. These had come primarily to listen rather than to talk; but they had not expected their companies to be accused of enormities.

It was difficult to gauge in advance how important this congress would be as a demonstration of Arab nationalism's interest in oil, particularly after the meetings in Baghdad six weeks before from which the Organisation of Petroleum Exporting Countries emerged. Clearly, OPEC mattered more: the formation of a united pressure group of oil-producing countries—including Iran, which was not represented at Beirut, as well as Venezuela, which was, in considerable force—outweighed anything that could arise from a congress where the participants' interest in oil varied so widely. But though OPEC had a declared aim, it lacked a doctrine still; and perhaps the most likely doctrine yet in view, plus the man most anxious to supply it, were elaborately on display in Beirut. There was a paper to set out in some detail the proposals for international pro-ration—that is, control of exports by host governments in order to support or increase prices—that Shaikh Abdullah Tariki, Saudi Arabia's director of Petroleum and Mineral Affairs, is suggesting to OPEC; and Shaikh Abdullah himself presented a paper on "The Pricing of Crude Oil and Refined Products" that accused the companies of a monstrous betrayal of their 50-50 profit-sharing agreements with the host countries.

The content of this paper, at Beirut, seemed to be a matter of less importance than how the companies would react to it on the floor of the congress. At the receptions and cocktail parties that assembled the same faces, the same hands holding indistinguishable glasses, the same din, people speculated on whether or how the companies should or would answer Tariki. Eventually, most of the company spokesmen did, in different ways, decide to lay it on the line—on the last working day of the congress, when Shaikh Abdullah presented his paper in a session that seemed, deliberately or not, rigged against the companies and, after they had plainly expressed their disgust at being fobbed off, in a hastily-arranged later session of questions and answers.

Even in retrospect, it is still not easy to assess the result upon Arabs of this public argument—not only upon Arab delegates to the congress and the wider nationalist public beyond to whom Shaikh Abdullah's arguments seemed mainly addressed, but also upon Arab employees of oil companies alleged to have swindled their countrymen in one of the most lucrative frauds of all time. Straight and close questioning by spokesmen of the companies about the shaky quasi-economic reasoning of his paper eventually reduced Tariki to this plaint: "How can we prove or disprove? We are using what information we have got; you are hiding from us what you do." Yet this was not necessarily an ineffective appeal to Arabs who find it easier to become passionate about than to understand this munificent but sometimes tantalisingly removed industry that brings up wealth from their sands. This was, after all, what OPEC had asked, as the first Arab Petroleum Congress had asked in Cairo eighteen months before. And it turned out to also what this congress asked—presented in "resolutions" that the heads of the Arab delegations worked out together without consulting any of the "observers," companies or not. These, in phrasing a little milder than some people had feared, "disavowed the resort of petroleum companies to the reduction of the prices of crude oil and its products without the consent of the governments of the Arab producing countries." Consent was the word; prior consultation with governments before price changes was shown to mean, as it would inevitably have to mean, the right of veto. The resolutions had been adopted, in the happy elision of the simultaneous translator, "with unanimosity"; and it was with unanimosity, in many parts of the hall, that they were received. In the overcharged emotionalism of this congress, was a politely-measured rebuttal on factual grounds enough? Intellectually, in this stand-up debate over accusations of fraud, the companies came off best: in emotional terms, many of them felt, "You can't win." They might think twice about exposing themselves ever again to public name-calling.

SHAIKH ABDULLAH TARIKI is a handsome, dedicated person, as attractive as anyone can be who seems on some issues to have a completely closed mind. Even his enemies admit his financial probity, which is not an inconsiderable thing for an Arab politician; but intellectual honesty was not in evidence in his paper at Beirut, which seemed to have been constructed on the rule that anything is fair in dealing with Aramco and its

like. The technique of cockshy figuring to scare into the open actual facts that are being kept private is familiar and even legitimate in argument; turning such speculation into vast accusations is not. And the figuring in the paper he presented on the pricing of crude oil (despite its title, it did not mention products) was pretty wild.

One may shrug off as minor mistakes in detail the selection of the wrong crude from Venezuela to compare with Middle East crudes (which on his formula might shut Middle East oil not only out of the Western hemisphere but perhaps anywhere west of Italy) and the failure to notice that there is an import duty on foreign crudes at the United States Gulf; but one cannot forgive Shaikh Abdullah's arbitrary selection of freight rates to suit his argument about the price formulae that he believes the oil companies used and those that he thinks they should have used. His calculations of the profits that the companies should have shown on postings in the Middle East (but did not) left out of account the first two years of profit-sharing between companies and governments; these were years of generally high tanker freights, and on netback formulae they would have implied lower prices for Middle East crudes than were actually posted. For the seven years from 1953, Tariki's calculations employed one particular freight rate taken out of the air, though this period saw very high as well as very low freight rates. If the netback formulae he thinks were used had in fact been strictly applied Persian Gulf crudes would have been pushed down to nearly nothing. Most of the $5½ billion extra that he argued ought to have been netted from Middle East postings follows from his belief that the companies could have employed a different and more profitable pricing formula throughout this period—indeed, that they did, for he asserts that they siphoned off the extra profit into the transport, refining and marketing stages of their operations in which host governments do not share. This assumed—as indeed Arab ambitions about pro-rationing now assume—that consumers or other people in the oil business, such as tanker operators, had and have no bargaining power at all.

That frame of mind may well outlast the details of Shaikh Abdullah Tariki's paper (or the congress paper on pro-rationing, which was slight and presented by its author so apologetically as to make it sound even slighter). Inevitably, OPEC must hope to raise the posted prices of crude or at any rate hold them, to check further erosion of the revenues of member governments. Spokesmen of oil companies at the congress made considerable play with the fact that Shaikh Abdullah's figuring (which he said was done in Jiddah, but might better have been done in Caracas, as one of Dr Perez Alfonzo's various modest contributions to this congress) would hand over all Western hemisphere markets to Venezuela. They did not perhaps make enough of the fact that about 70 per cent of Western hemisphere imports (equivalent to about a third of total OPEC exports) go to the United States and Canada, both of which have considerable volumes of oil capacity shut in.

The marginal profitability of lifting the next barrel of oil, for integrated companies widely deployed around the world, varies considerably; but any increase in allowables in the United States automatically means a significant share for certain of the major international companies of oil on which they are already paying full cost; the incremental cost is practically zero, and extra production is sheer profit. If a pro-rationing scheme created a sufficient shortage of oil in markets outside the United States to support the price Shaikh Abdullah suggested—United States Gulf plus freights—it certainly would not pay such companies to buy Venezuelan crude from their competitors at the posted price plus freights, with no profit, if they could instead open up capacity within North America. They would not necessarily even find it more profitable to buy crude from their own Venezuelan producing companies; the higher posted prices which Venezuelan oil would then command would bring with them a corresponding increase in the "tax cost" of that oil payable in Venezuala. Such schemes, therefore, would inevitably draw shut-in production in North America into the market, and also accelerate the development of new production in, for example, Libya and Nigeria. In any such scheme it would be the OPEC exporters who would have to act "like Texas" in American pro-rationing—taking almost all of the reduction in output required to stabilise the price themselves and encouraging faster growth everywhere else.

Not all the major companies are in a similar position—which is one of the important changes in the world oil market of recent years. The circumstances of some are such as to counsel the acceptance of realistic pricing of oil—which would mean further cuts—so as not to attract newcomers to the business whom it will take a long time to dislodge; others, with less control of capacity outside the OPEC countries, do not feel they can afford such realism if it will push host governments into drastic counter-measures. Some of them have unlimited supplies but limited markets under their control; and of late this has made certain of them (quite apart from the more recent newcomers such as big independents or the Russians) weak sellers at big discounts. The community of interest of the major international companies, which given the absence of outsiders in the market made possible high prices and exceptional profits to share with the host governments in the postwar decade, was already beginning to crack before these profits had their inevitable result of attracting more fresh capital into the business. In more ways than one, the interests of the majors are beginning to diverge: even apart from competition from newcomers, informal pro-ration within "the club" could be counted on no more than bureaucratic international pro-ration, because not all the majors are themselves prepared to act "like Texas" and call it industrial statesmanship.

Whether or not particular major companies are prepared to push posted prices further towards realism, realised prices must be real; the modest cuts made in August did not go halfway towards the level of discounts at which substantial suppliers are still prepared to sell to big buyers such as the Japanese. In their relations with host governments in the Middle East, the majors can go on maintaining artificial crude prices, paying the governments on the basis of postings but actually realising a good deal less; this concedes more than 50-50 sharing without ostensiby saying so, but it keeps the umbrella up, and attracts more and more people of different kinds into the business. Alternatively, they could let the posted prices fall further towards realism; this would make better commercial sense by reducing the incentive for outsiders to come in; but if pursued cold-bloodedly it would mean accepting a substantially lower return on the capital they have sunk in Eastern Hemisphere oil than they have enjoyed for years past.

Such commercial realism could be the most salutary policy for the companies, though the cost of it would bear more heavily on some than on others. But it could mean a bitter time for their partners in profit-sharing; the OPEC governments might understandably be driven into desperately defensive policies. They—and possibly even some of the companies—might prefer to try out pro-rationing; and if this did not work, as seems unlikely at anything approaching present prices—more bitter pressure on the industry might ensue in the Middle East. Is there no other way to give them protection against the wind of change in the international oil market? The 50-50 profit-sharing formulae brought into these company-government relations at the end of the forties were of convenience to the American companies (and were later made so for the British) as well as to their hosts. It suited the companies to pay out money as tax to producer governments—offering munificent benefits to these countries—rather than to treasuries at home. But these formulae also introduced the danger that at some time the hosts would have to stand their part of the risks too. That time is here. But where any single source of revenue bulks so large for any country as oil does for them, can they really be expected to withstand the cold wind that is blowing now?

Arab technocrats such as Shaikh Abdullah Tariki would be as suspicious of any return towards fixed revenues per ton as would the tax authorities of the companies' parent countries (though these authorities are already dubious today about allowing for double tax relief the sharing of more profit than is in fact realised). Is there some possible formulae, without necessarily breaching the principle of profit sharing or the 50-50 division more than it is breached already, of affording host governments some kind of minimum revenues, however far prices slip—leaving their share free to rise in times of high prices but setting a floor below which they would not fall in bad? This kind of two-part tariff with a fixed rent charge might enable the companies to continue to live fully in the market—where they should be competent to operate, and where they need the right of unfettered decision to suit their behaviour at any time to their circumstances. Such a formula could incidentally take the sting out of the host governments' demand for "prior consultation" on price changes, which as the Beirut congress said bluntly means consent; the companies can hardly concede this and remain in command of their business, though better arrangements for early notification might be possible. No single major company, at present, might admit to having considered such a shift in policy, or accept the need for it; but some important people in oil have it in mind.

How Export Credits Are Insured

Comparison of the terms of insuring export credits here and abroad suggests that British exporters now have no cause for complaint

BRITISH exporters have got something out of their intensive campaign for more help from the Government, particularly in the field of insuring credit; and once insurance is given, the credit usually follows. Promising that each case will be considered on its merits, the Government may now authorise the Export Credits Guarantee Department to insure credits beyond the normal five years' maximum, agreed by the Berne Union club, when foreign competitors obtain longer cover with official support. Further, when competitors appear to be offering longer credits without official support, ECGD will be able to insure a credit for five years and allow the exporter to extend credit for a further period at his own risk. Lastly, the department is extending selectively to European and other markets the facilities now available in the dollar area that cushion exporters against the risk of loss in opening up new markets.

The aim is simply to match the longer terms that are being offered more frequently nowadays by Britain's competitors. For obvious reasons, Britain does not want to start a credit race. "We have now gone," said the President of the Board of Trade, Mr Maudling, last week, "as far as we can. . . ." That being so, how do British exporters stand now in comparison with the facilities available to their main competitors abroad?

True comparison is elusive, because systems of credit insurance differ and because the various rates of premium charged are not generally disclosed. In Britain, ECGD is the only insurer against the risk that exporters will not be paid for "political" reasons, such as cancellation of import licences or simply a lack of foreign exchange; and to obtain a reasonable spread between types of risk and types of market (good, bad or indifferent), the department insists that exporters cover all their risks and all, or a sufficiently large part, of their business under its comprehensive policies. Specific policies are issued only for major capital projects, such as a power station, that by their nature cannot offer a reasonable spread. The major part of ECGD's business is therefore done under comprehensive policies.

WEST GERMANY has two private institutions, acting in part on the government's account: *Hermes Versicherung A.G.*, which concentrates on exports to private buyers, and *Deutsche Revision und Treuhand A.G.*, concentrating on public transactions. Both give cover against commercial risks on their own account, but when covering political as well as commercial risks they re-insure both risks with the government. These insurers do not insist on "whole-turnover" (comprehensive) business, and it is believed that only a small part of their cover for short-term credits is done in this way (short-term credits are usually for up to six months, and medium-term for up to five years). The approach, in short, is much more selective than that of ECGD.

The French institution, *Compagnie Française d'Assurance pour le Commerce Exterieur* (COFACE), is also private but acts for the government, with which it re-insures political risks. If its losses on commercial risks exceed ten per cent of its annual premium income it transfers the excess to the government, an accommodation for which it hands over two per cent of its premium income. COFACE puts more emphasis than the German institutions on whole-turnover business and mainly covers short-term risks. In the United

States, where exporters and private banks assume credit risks more widely than in Europe, the sole specialist credit insurance institution is the Export-Import Bank, a government agency, but its role is still very restricted. The bank covers commercial risks only for medium-term credits, under policies which so far have rarely been used, but it has recently introduced cover against political and economic risks, including transfer risks, for short-term and medium-term credits. But the bank is strongly represented, indirectly, in the business of credit insurance because it makes, or guarantees, long-term loans to governments, public authorities and private importers abroad for periods of up to 15 years or more, and so effectively protects the American exporter against the risk of default.

The principal features of these five institutions are summarised in the table; unfortunately premium rates are not available. The comparison shows that a British exporter is able to insure a higher proportion of his total liability than can his competitors: for commercial risks he is covered up to 85 per cent—and gets 85 per cent in most cases—compared with up to 80 per cent in Germany and France; the Ex-Im Bank, it is true, covers 85 per cent of the commercial risk, but only for medium-term credits. British exporters can also cover a higher proportion of the political and economic risks. Moreover, the full value of the contract (including profit) is covered by ECGD, whereas Continental insurers give cover in the pre-shipment period against the cost only—though no doubt many customers contrive to wrap up their profit, or some of it, in the stated "cost."

BRITAIN and other European insurers except Germany and Austria quote premiums that are directly related to the length of credit and the quality of the market. ECGD's initial defence against a deteriorating market is to raise its premiums, not to lower the percentage of cover. Germany and Austria have basically a flat rate of premium—with a higher scale for private than public buyers, as in France too—that rises more gradually as the credit period lengthens; when a market is deteriorating they tend to lower their percentage of cover first, while holding premiums steady. In Germany the percentage of cover given has been used as a means of influencing exports, as in 1958, when the authorities made the insurers cut their cover from 80 to 70 per cent.

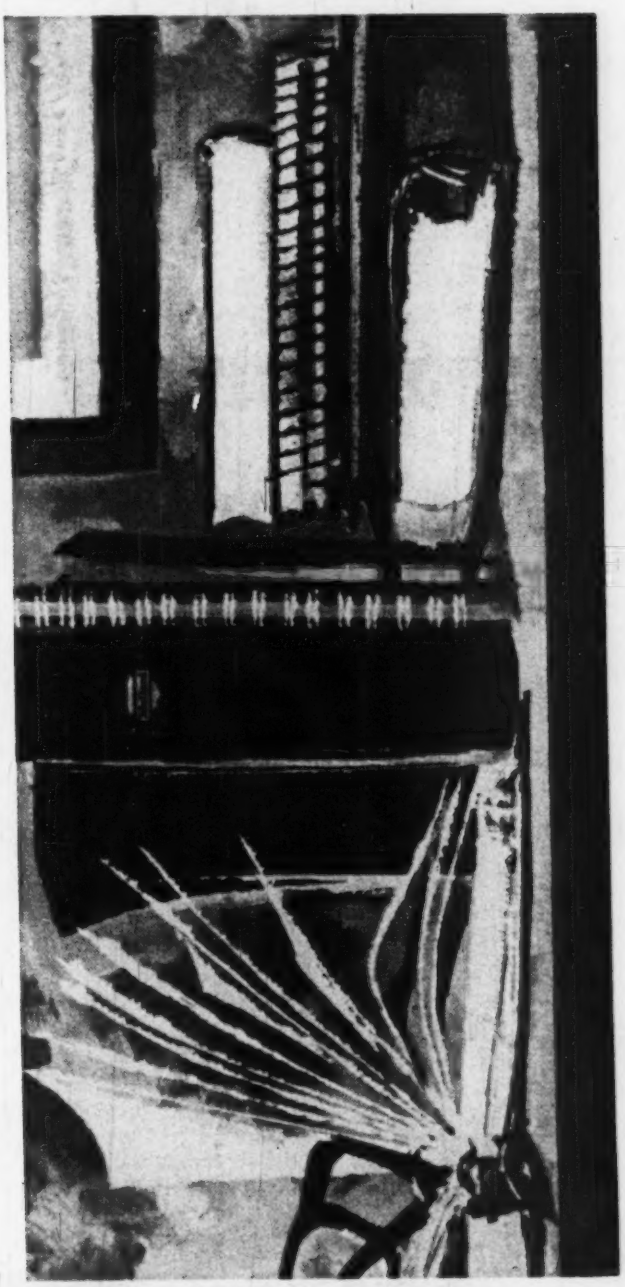
ECGD reckons that its premiums are fully competitive with those of other European countries save Germany. Compared with Germany, ECGD reckons that on comprehensive policies it is appreciably cheaper in good markets, especially for business with private buyers, and in bad markets still cheaper for private buyers though marginally dearer for public buyers. For specific policies, its rates are reckoned to be cheaper than Germany's for all business in good markets, especially, again, for private buyers; in bad markets its rates are marginally dearer for private and definitely dearer for public buyers. Taking the percentage of cover insured, as well as the rates charged, the department claims that it gives better value for money than any of its competitors.

British exporters can still point to one advantage enjoyed by their competitors—one that Britain should be in no haste to copy: on occasion the German and French governments have funded payments owing to their nationals, whether insured or not. To that extent, the insurers' operations are not demonstrably self-supporting as ECGD's are. Here one is on the fringe of a zone where credits and insurance begin to shade into special instruments of government policy. The German and French governments now have, as the United States government has long had, power to guarantee long-term lines of "supplier credit" or to make long-term loans to countries that come under the now steadily broadening head of the needy or deserving. Britain extends similar aid through sections 2 and 3 of the Export Guarantees Act, though naturally not on the scale practised by the United States, or on the scale that Germany appears to contemplate now. If there are to be special cases of assistance, it is in fact more desirable on all counts for the transaction to be financed by a straight government loan for a medium or long term than for it to purport to be an export credit insured in the ordinary way. The general post-war principle of keeping export credit insurance on a commercial basis has proved its worth.

CREDIT INSURANCE SCHEMES COMPARED

	United Kingdom	West Germany	France	United States
Institution	Export Credits Guarantee Department (ECGD)	Hermes Versicherung A.G. Deutsche Revision und Treuhand A.G.	Compagnie Francaise d'Assurance pour le Commerce Exterieur (COFACE).	Eximbank.
Status	Government department	Private corporations acting on government's behalf.	Private corporation, but is government's agent for political risks.	Autonomous government agency.
	Per cent of risk insured	Per cent of risk insured	Per cent of risk insured	Per cent of risk insured
Ordinary Schemes				
Commercial risks	up to 85	Private buyers ... up to 70 Public buyers ... up to 80	Insolvency (not default): Private ... 70 Public ... 80 (Short-term post-shipment business only).	85 (Medium-term business only).
Political and catastrophic risks.	up to 95	up to 80	Private ... 80 Public ... 90	Short-term .. 90 Medium-term 85
Economic and monetary risks.	up to 95	up to 80	Private ... 80 Public ... 90	Short-term .. 90 Medium-term 85
Other risks	Export promotion in dollar and other markets. 50 (of losses)	Manufacturing risks under pre-shipment policies ... 80 (of cost)	Cost increases .. 100 (on losses above 20%)	
Main risks excluded	Losses on exchange rate fluctuations.	Default of private buyers.	Protracted default.	Commercial risks in most cases.
Ceiling on commitments	£1,400 million	DM 12,000 million	None	None

Material adopted from the latest *Economic Bulletin for Europe*



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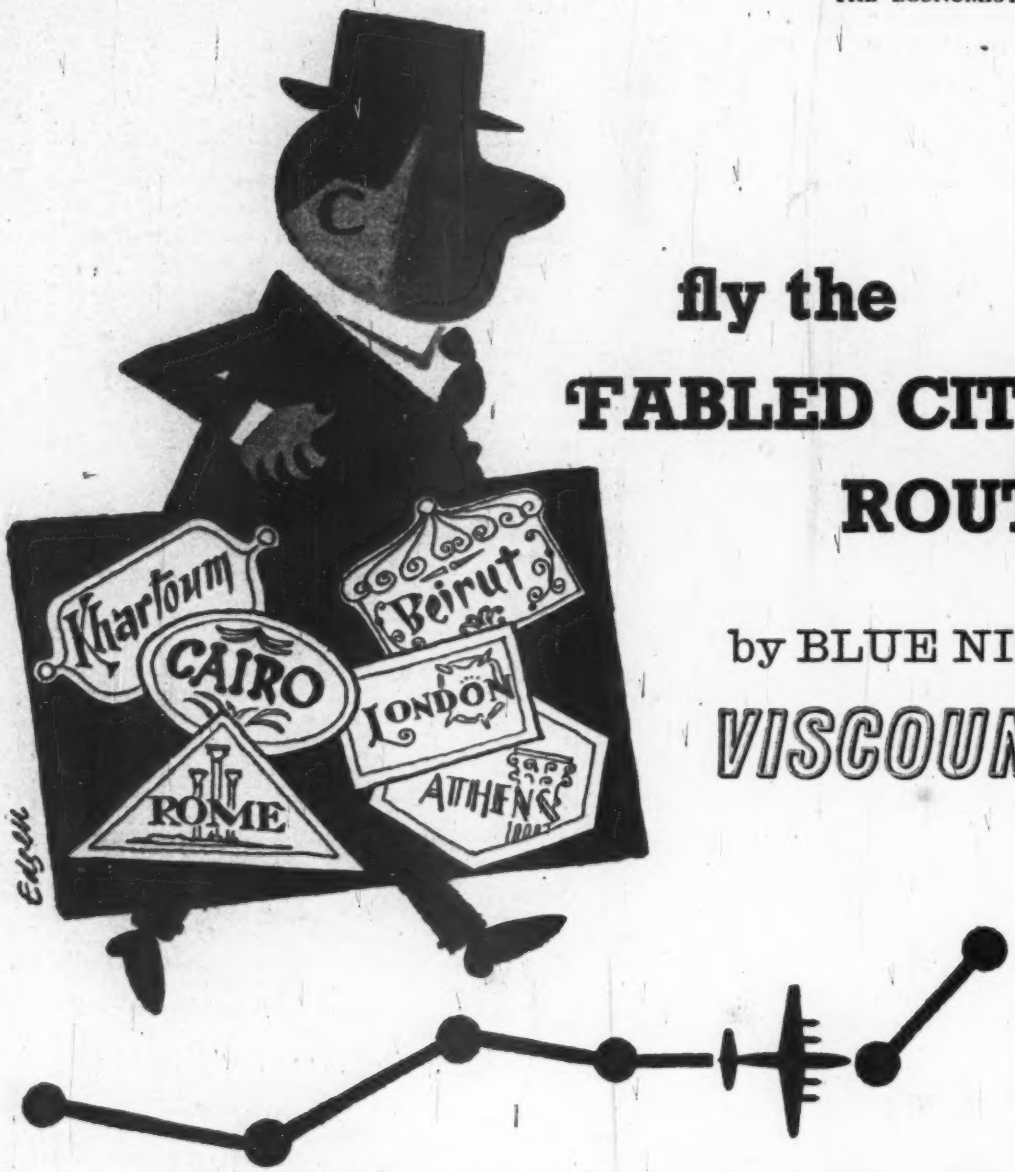

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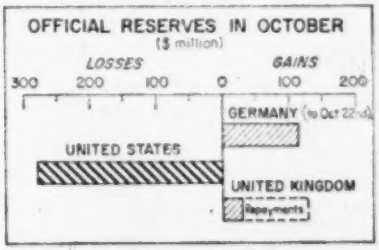
BUSINESS NOTES

GOLD RESERVES

Unfair to the Dollar

THE flow of funds to London accelerated in October. Given the speculation in the gold market that is a rather remarkable phenomenon, for anyone who thinks there is a prospect of an increase in the official price of gold has every bit as much reason to get out of sterling as out of dollars. As it was, London's reserves of gold and convertible currencies rose sufficiently to permit a further and final repayment of £30 million to the International Monetary Fund, as well as an instalment of £5 million on old debts to European creditors, and still left £11 million to add to the reserves. The true increase of £46 million compares with £33 million in September and more than £50 million in August and in July.

At the equivalent of $129 million, last month's increase compares with a gold loss of $280 million by the United States, and with an increase in the German reserves in the first three weeks of October of about $116 million, to the enormous figure of $7.3 billion (Britain's reserves total about $3.15 billion). It should be pointed that the German figure includes about $1 billion of



non-liquid assets, notably old EPU debts and bonds of the World Bank ; and that the increase of about $1½ billion in Germany's total reserves since March included, up to the last detailed break-down for end-August, only $200 million or so of gold. The Bundesbank's holdings of dollars shot up from $1.8 billion to nearly $3 billion, and for the first time formed a larger part than gold in total reserves. But it is not unreasonable to expect Germany to dishoard, as Mr Robert Anderson and Mr Douglas Dillon from the US Treasury will no doubt point out when they visit Bonn later this month. The prospect of their visit is reported to have caused "consternation" and "deep disquiet" in Germany. They should not pull their punches.

Britain's advance repayment to the International Monetary Fund is the third in three months and discharges the Suez drawing of $561 million a year ahead of schedule. The repayments of £75 million to the Fund in these months have sensibly offset the inflow of hot money, and are in line with the suggestion of the Governor of the Bank of England that countries should use the Fund's facilities more freely. Britain's repayments will help to check the fall in the United States gold reserve—though at $18½ billion this remains comfortable enough. Another helpful step, proposed by Britain at the meeting of the IMF in September, would be for Fund credits to be granted in currencies of those countries now running a payments surplus, and notably Germany. Certain technical steps might be needed to facilitate this, perhaps including a move to formal Article VIII convertibility, on which the Germans are keen. If this is a way of pumping more marks into the world system, Britain should urge the go ahead.

COURTAULDS

A Blow to Optimism

THE equity market has been shaken several times in the last few weeks, not simply by doubts about the economic prospect but also by some disappointing company results. This week it was shaken by the Courtaulds figures for the six months to September 30th. Profits in the latest half-year are only slightly better than for the same six months last year, even though they include the profits of Pinchin Johnson, the recently acquired paint subsidiary. They are, moreover, well below the earnings for the six months to March 31st. Home deliveries of rayon have remained buoyant and the effect of the recession in the motor industry on the demand for tyre yarn can only now be making its impact. The

Six months ending	Sept. 30, 1959*	Mar. 31, 1960*	Sept. 30, 1960
	£'000	£'000	£'000
Gross profit ..	9,154	11,890	9,569
Tax	4,036	5,141	4,199
Net profit	4,803	6,415	5,024

*Pinchin Johnson's profits not included.

directors say, indeed, that with certain exceptions the pattern of profits resembled that in the six months to September 30, 1959, but with the important rider that trading conditions in North America (where Courtaulds re-entered the rayon industry in 1952) have grown more competitive and that business there is "unremunerative."

Even including the results of Pinchin Johnson, Courtaulds' profits in 1960-61 are not expected to reach the 1959-60 total of £21 million. Effectively, however, the interim dividend has been raised from 9d. to 10d. per £1 ordinary share. The last final payment is equivalent to 1s. 1½d. on the capital as increased by the one-for-three scrip issue. Thus a total payment of 2s. seems possible for the current financial year. But the stock market was much more concerned about the trend in profits and the £1 shares immediately lost 5s. 4½d. to 53s. 3d. to yield 3½ per cent on the assumption of 10 per cent.

MOTOR DIVIDENDS

A Time for Caution

WITH a year of boom behind them and some prospect of recession in front of them, the motor manufacturers and their suppliers have stuck to a cautious dividend policy. If they had been bold they could have paid dividends in line with the record profits they earned in the year to end-July and left shareholders to assume that in the current financial year of lean profits these payments would be cut. Instead, they have decided to retain from the extra profits proportionately more than they added to dividends—which may mark their sense of uncertainty and the need to provide for their

EARNINGS AND DIVIDENDS

	(£'000s) BMC		ROOTES	
Years to July 31st	1959	1960	1959	1960
Gross profit	16,256	26,734	3,916	4,187
Net profit.....	7,845	13,343	1,910	2,007
Ordinary dividend	*18⅓%*	*†20%*	*12%*	*12%*
Times covered...	*1·5*	*2·6*	*5·0*	*5·2*
	BIRMID		S. SMITH	
Years to July 31st	1959	1960	1959	1960
Gross profit	2,129	3,598	3,604	4,191
Net profit.....	1,074	1,761	1,908	2,287
Ordinary dividend	*13⅓%*	*†20%*	*17½%*	*20%*
Times covered...	*2·7*	*3·0*	*3·0*	*3·2*

† Adjusted for scrip issue.

long-term development plans. British Motor has raised its dividend slightly, from the equivalent of 18⅓ per cent to 20 per cent, but the cover has risen from 1½ to 2½ times. Rootes Motors, which did not achieve anything like as big a rise in profits as did BMC, has been even more cautious. There are big family shareholdings in Rootes and the dividend has been left unchanged at 12 per cent even though the earnings cover has risen from 5 to 5.2 times. As the table shows, a similar attitude to BMC's has been adopted by S. Smith and Sons, though the smaller company, Birmid Industries, has been a little bolder.

Because they have limited the dividend increases, shareholders may cling to the hope that the motor companies will try to

maintain these payments next year—though that must depend on how their trade goes and whether they have second thoughts about the expansion programmes they have set in train. Motor shares are now at their lowest point for the year and current yields are high. The discrepancy between the yields on S. Smith and Sons (4.6 per cent at 17s. 6d.) and Birmid (6 per cent at 67s.) can perhaps be explained by the difference between their dependence on the motor industry for custom, but that between BMC (6.4 per cent at 15s. 6d.) and Rootes (5.1 per cent on the "A" shares at 9s. 4½d.) is less easy to explain.

STEEL SHARES

Order of Priority

In not taking advantage of the euphoria after the election a year ago to sell off the equity of Richard Thomas and Baldwins, the Iron and Steel Holding and Realisation Agency may have acted with admirable scruple but it missed the bus. The arrival of the next bus depends on the time the equity market takes to shake off its present mood of uncertainty. The Chancellor did not quite put it that way, for he said in answer to a question last week:

> Richard Thomas and Baldwins is engaged in very extensive developments, and it has become clear that its sale should be deferred until these are nearer to maturity.

At the end of June, the Government spokesman was content to indicate that it might be better to go ahead with the marketing of the steel prior charges before selling off RTB, but now the Chancellor has given a clear order of priority:

> The Government have decided that in all the circumstances it is best at the present stage to give priority to the sale of the fixed interest securities which the Agency holds in companies already denationalised.

The equity market, it must be noted, is no better placed to absorb the issue of the ordinary shares of RTB than it was in June but the fixed interest market is in decidedly better shape.

STEEL EQUITIES

	Oct. 1, 1959	Oct. 13, 1959	Sept. 7, 1960	Oct. 27, 1960	Nov. 3, 1960
Colvilles	39/3	55/-	82/9	77/3	77/9
Lancashire Steel	23/10½	36/-	56/3	49/9	51/6
Steel Co. of Wales	33/4½	44/6	48/-	43/4½	44/9
Stewarts & Lloyds	36/6	52/6	56/3	44/9	45/-
United Steel	41/-	64/-	88/3	83/6	84/9
Whitehead Iron	72/-	97/-	113/9	97/6	98/9

The problem of marketing £132 million nominal of steel debentures and £33 million nominal of steel preference shares is still immense. Plans are being made and the City consortium that handled the sale of the steel equities has a stiff job to do. The sale, which will channel money from the public to the Government and will thus be a real funding operation, will require active support from the insurance offices and pension funds. They will have a heavy burden to lift, but in present markets may be less reluctant to take this strain than they might have been a year ago.

Various plans have been mooted for this operation. There has been talk of marketing in one lump and talk of re-vamping the coupons on the prior charge stocks. If the stocks are marketed at their present coupons, which cluster around 4½ per cent, ISHRA will have to take a book loss. If, on the other hand, the coupons are raised it would be inimical to the ordinary shareholders. Here the institutions which will be called on to absorb a substantial part of the debentures and preference stock may have something to say. But there is another point, too. A coupon of 4½ per cent is not ideally low for the net fund looking for a capital profit, yet it is not ideally high for a gross fund seeking a high running yield. Some accommodation of views will have to be found, not least because, in addition to the problems of unscrambling, the steel industry in carrying through its development plans will need the support of ploughed-back profits and to some extent, new equity capital too.

THE ECONOMY

A Plateau?

If the latest statistical evidence is accepted, output in Britain has settled down on a plateau. The latest figure from the Central Statistical Office, for September, shows little change from preceding months; the seasonally adjusted index is put at 120 or 121 from March onwards, only a point or two higher than at the start of the year. Revisions in this index make it unsafe to read too much into the latest calculations, and it may be that the apparent steadiness of output is questionable. The Federation of British Industries, from its last inquiry into industrial trends, produced a rather more cheerful picture, concluding that in the four months to early October: "On balance output has risen: but the upward margin (though marked) is less than reported in the last four inquiries." Yet even this statement needs careful interpretation, for the balance referred to is between numbers of firms reporting "ups" and "downs" in production, without reference to their size or to the extent of the changes in their output.

Whether output has remained steady, or edged slightly upwards in these months, unemployment in Britain has continued to fall. Seasonal factors apart, the decrease was about 30,000 in the three months March-June and a further 20,000 in the four months June-October. The bigger reductions in unemployment are recorded in the service trades and occupations outside the industrial sector; in the latter, the unemployment roll was reduced by only about 8,000 between May and October. Nevertheless, the unemployment rate was lower in all regions of the country in October than it had been in March this year, even after taking seasonal factors into account. Up to October, at any rate, demand for labour was still running high and this fact, more than anything else, supports the argument against an immediate relaxation of credit restrictions.

For the economy as a whole the statistical picture covers the second quarter of the year. An article in the current issue of *Economic Trends* points out that although total domestic expenditure at constant prices, seasonally adjusted, was 1½ per cent higher in the second than in the first quarter, this increase did not lead to any extra demand on the domestic economy. Exports rose less than is usual seasonally in these months and imports of goods and services increased by £57 million instead of showing a slight fall.

Movements in Stocks

New statistics in the quarterly national income accounts show the course of investment in stocks at 1954 prices and after seasonal adjustment—a daring exercise indeed, for the basic information on stocks is itself none too reliable. This new analysis suggests that investment in stocks was the only real expansionary force in the second quarter of this year; the physical increase in stocks and work in progress is reckoned to have been larger in these months than in any other quarter since the start of the series at the beginning of 1957.

DOMESTIC EXPENDITURE

(£ million; at 1954 prices and seasonally adjusted)

	1959 4th qtr.	1960 1st qtr.	1960 2nd qtr.
Consumers' expenditure	3,500	3,583	3,591
Public authorities' current expenditure	760	782	776
Gross fixed capital formation	819	851	852
Investment in stocks and work in progress	90	85	150
Total Domestic Expenditure	**5,169**	**5,301**	**5,369**

The increase in stocks was concentrated on manufacturers' stocks of materials and fuel: these rose by £43 million at 1954 prices, or 2 to 3 per cent, in a quarter in which they are usually reduced. A substantial part of these stocks consists of imported industrial raw materials; in particular, abnormally heavy imports of sheet steel in these months contributed to the general rise.

There is little statistical evidence about what has happened to stockbuilding since the middle of the year. The only comprehensive monthly figures relate to retailers' stocks: these declined only a little more than usual between June and August. But some decline from the high rate of stockbuilding in the earlier part of this year is at least to be expected.

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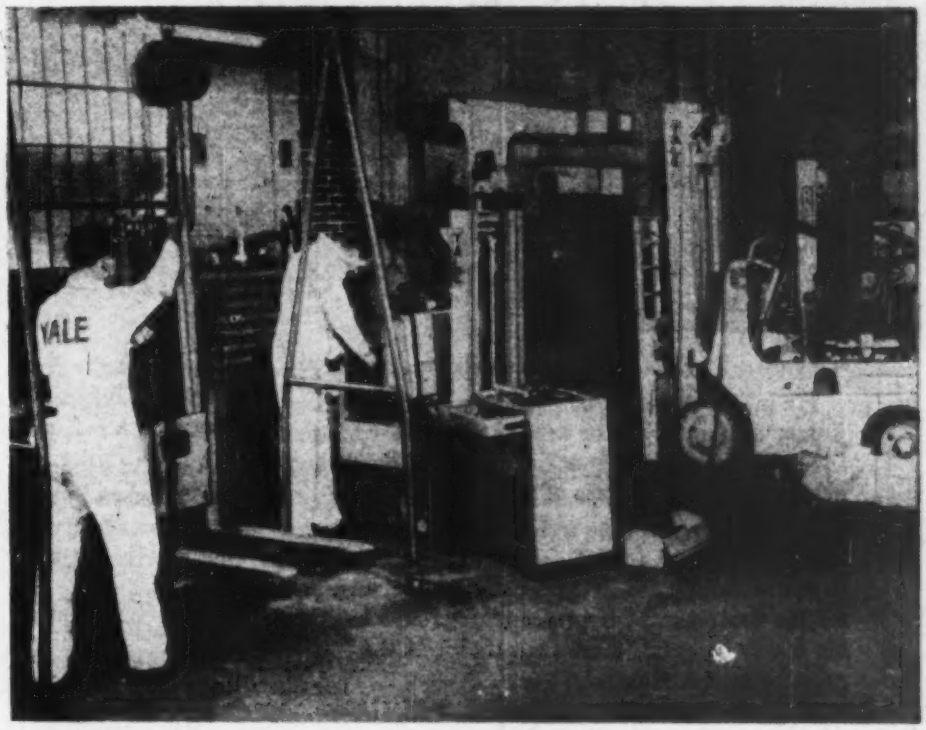

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£22½ million for GKN

THE keen appetite of the steel industry for new money is also marked by Guest, Keen and Nettlefolds' rights issue of one for six at 70s. a share, to raise £22.6 million. GKN ranges beyond the steel industry into engineering; its annual capital expenditure of about £18 million over the next three years will be spent in part on additions to engineering capacity both at home and abroad but the larger proportion is pre-empted for the expansion of its steel-making capacity. GKN's cash flow is about £17 million a year but additional working capital commitments have already reduced liquid assets by £5 million to £15 million and the directors therefore think it wise to appeal now for new capital. It is not their policy to come to the market frequently and they hope that the new finance will carry the group through the next few years.

The increased capital and the continuing need to plough back profits are likely to put a brake on dividend increases. The interim is unchanged at 5 per cent (though a non-recurring 2½ per cent, tax free, from investment profits is to be made as well) and a final of 10 per cent on the enlarged capital is forecast. Gross profits this year should not be less than £29 million, against £25.8 million, but this reflects an "exceptionally high rate of activity" and the directors are not absolutely confident that this will be maintained later. In all it is not surprising that the £1 shares have fallen 9s. to 89s. 9d., at which the rights are worth 2s. 10½d. and the prospective yield ex-rights 3.3 per cent. On the short view this is not high—even for such a well-covered share as GKN.

TUBE INVESTMENTS

Park Gate Money

AN extension of the Tube Investments Group's steel making capacity was foreshadowed by Sir Ivan Stedeford a year ago. This addition, it has now been announced, will take the form of a new integrated steel works adjacent to Park Gate Iron and Steel's existing plant near Rotherham. The Iron and Steel Board has approved the plan; work should start on the site next year, and the new plant is expected to come into full operation in 1965. This new plant will about double Park Gate's steel making capacity, to some 875,000 ingot tons a year; including the group's other steel producer, Round Oak, it will raise TI's total steel capacity to about 1,400,000 tons a year.

Park Gate is primarily a producer of bars, sections and wire rods, both for TI's own growing needs and for other customers. The new works will use home ore and, initially, it will have one blast furnace. The steel melting shop will consist of an electric furnace and converters based on the Swedish "Kaldo" oxygen process, which is more suitable for the production of higher carbon steels than the Austrian L-D process that several other British steel firms have adopted. New blooming and billet mills are to be built to roll Park Gate's entire ingot output. A continuous rod and bar mill and a continuous narrow strip mill are to be added to Park Gate's finishing plant. Further expansion and modernisation is envisaged at some later stage, but the present scheme will cost not much less than £60 million.

The directors say that this scheme will be financed partly from TI's own resources and partly from borrowing. In effect, they made some provision against its cost as long ago as February when about £21 million was raised by a rights issue of ordinary shares on bonus terms. The preliminary report now reveals that TI's cash flow in the year to July 31st was of the order of £9¼ million. Thus, together with the net balance of liquid assets already in hand, TI, through the rights issue and the retention of profits, appears at first sight to have enough to cover nearly two-thirds of the cost of its emerging commitment in steel while British Aluminium is finding its own finance separately. But TI has capital commitments on hand other than steel and aluminium and it had to pay out £5½ million in cash when it took over Raleigh through a share-cum-cash offer. It is not therefore surprising that though the cash flow of the group is substantial the directors talk of "borrowing" to help to finance the steel programme. They, presumably, would like to avoid another issue of ordinary shares.

Shareholders must be aware that TI has a full platter in front of it and that therefore it will absorb capital rather than distribute earnings on a generous scale in the next few years. The latest increase in profits, as the directors forecast at the time of the bid for Raleigh, is substantial: trading profits have risen from £16.8 million to £24.1 million and net profits from £6.5 million to £8.1 million, but then in 1958-59 only seven months of British Aluminium's profits were included and in 1959-60 BA earned substantially more. Effectively the ordinary dividend has been set at 14 per cent on the increased capital, compared with 13 per cent forecast at the time of the Raleigh offer. It is covered about 2½ times by earnings, and hence it can hardly be thought to be in any kind of danger. But can investors who buy the shares at 83s. 3d. on a yield of 3.4 per cent really expect a considerable increase in the next few years?

GOLD MARKET

Speculators Hold On

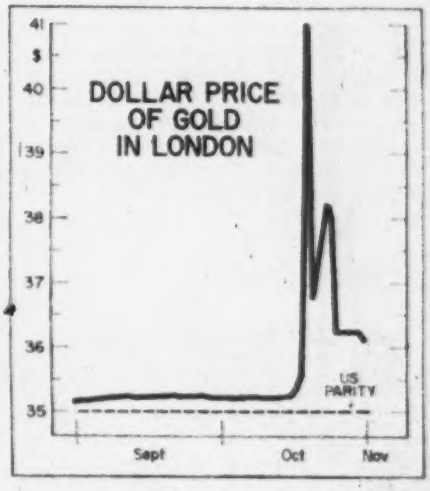
EVENTS in the gold market this week have fortunately forsaken the headlines but have unfortunately not lost in significance. The price has been much steadier; on three consecutive days the fixing has been at 256s. and the range of prices in terms of dollars has kept between $35⅞ and $36⅛. Demand for gold has continued strong and widely spread, and has increased as soon as the price has fallen to or under $36 per ounce. On Tuesday, when an attempt was made to fix at a dollar equivalent slightly under this figure, a large demand emerged. Demand has come from many quarters—an appreciable proportion of it still American. One indication of this is the way demand has usually revived in the course of the afternoon. Turnover on most days of this week appears to have been about $5-6 million. As prices have become more stable dealing margins have narrowed, to about ¼; this compares with the spread of a full dollar or more at the height of the flurry, but is still far larger than the 2 cent spread that was common formerly.

There has been little evidence of profit-taking sales by speculators. Virtually the whole of the supply in the London market has come from the Bank of England, which must have sold appreciably more than the arrival of newly mined gold. In the course of its operations it must, therefore, have increased the dollar balances of the Exchange Equalisation Account, raising again the question whether or not to convert some of these dollars into gold through official channels in New York.

The call for official intervention in the gold market by the US authorities has been voiced this week by the First National City Bank of New York. In its monthly letter it points to the "practical fact" that

> the flare up, and all the associated excitement, would not have occurred if some holder with a sizeable stock had offered some tens of millions on the London market. The broad question arises as to whether the United States Government should not permit the opening of a free gold market, paralleling those in European financial centres, or at least soberly reconsider whether the policy of ignoring free gold markets, adopted a quarter-century ago, is appropriate and realistic.

Market opinion on both sides of the Atlantic is united on the way to nip this crisis in the bud.



CUNARD LOAN

Calling It a Spade

THE Government's new proposals for the terms of its financial aid to Cunard for the *Queen Mary* replacement are a decided improvement on the original suggestions of the Chandos committee. In the first place, it has stripped the assistance of all camouflage so as to make it quite clear—and to what extent—that the company's new liner is being subsidised. Instead of receiving a Government loan at the highly favourable rate of 4½ per cent, Cunard will now pay the going rate for 25-year loans from the Public Works Loan Board at the time the agreement is signed with the Government. To offset the higher interest charges, the company will receive an additional sum as an outright grant. Thus, if the full amount of the money the Government is prepared to provide (£18 million) is taken up, and if the current interest rate is 6¼ per cent (as now), Cunard will receive an interest bearing loan of £14¼ million and a grant, or subsidy, of £3¾ million. With the 40 per cent investment allowance as well (on the full capital cost, less the amount financed by way of grant), Cunard will ultimately be required to finance now only about three-quarters of the cost—provided that the new liner earns enough profit for the full investment allowance to be used.

The Government has also decided, contrary to the advice of the Chandos committee, that Cunard should pay interest on tranches of the loan from the time they are made, and not from the date the liner enters service. Interest during construction will thus be capitalised and repaid on the same terms as the principal. Similarly, there will be no reduction in the rate of interest should the yield on Cunard's own investment in the liner fall below a certain level. But the yield above which profits must be used to accelerate redemption of the loan has been raised from 7 per cent to 7½ per cent (in any single year, or is this still an average of several years, as the committee suggested?). The Government has accepted the committee's limit of £30 million on the total capital cost of the liner. Up to that point the Government and Cunard will contribute in the proportion of 3:2, making £18 million the ceiling for the Government's share: if the ship costs more, Cunard will shoulder the excess. If this exercise is worth doing, this is much the better way of going about it.

IN THE MARKETS

Taking it Quietly

THE Treasury and the Bank of England must be pleased that last week's ½ per cent cut in Bank rate has been taken so quietly. In another speech on Monday night the Governor of the Bank said: "It is very clear that today's situation at home does not justify any change of the lines of credit policy," and he added that the main problem now and for the next year or two is the balance of payments. Externally, the Bank rate cut has been welcomed as a gesture but, as expected, it has had little direct result. Funds have again been flowing to London this week, and sterling has risen to $2.81⅛, a new peak for the year.

With the Bank rate cut made, and then played down, the gilt-edged market has lost its earlier sparkle. More commentators, however, are now disposed to point to the attractions of gilt-edged; deposit receipts have been introduced on Wall Street for War Loan; and one need not perhaps take the Governor too literally when he says that the Bank rate cut was not even a change of direction. Equities also have been a rather dull market, though Wednesday's figures of the gold reserves gave a bigger stimulus here than to gilt-edged. *The Economist* indicator in the week to Wednesday was almost unchanged.

GROSS REDEMPTION YIELDS

	Jan. 1	Aug. 9	Oct. 26	Nov. 1
Treasury Bills(Discount rate)	3·73	5·58	5·33	5·09
Conversion 4½% 1962	4·10	5·89	5·78	5·57
Conversion 5% 1971	...	6·20	6·20	6·21
Funding 5½% 1982–84	5·23	5·89	5·93	5·93
Funding 3½% 1999–04	5·11	5·78	5·73	5·71
War Loan 3½%	5·38	5·90	5·73	5·73
British Petroleum 5% 74–78	5·67	6·41	6·36	6·31
Imperial Tobacco 4% 75–80	5·85	6·36	6·41	6·30
Dunlop 5½% Pref.	5·95	6·88	6·67	6·67
Ford Motor	2·11	3·57	3·86	3·96
ICI	2·61	3·45	3·13	3·17
Imperial Tobacco	5·69	7·26	6·68	6·87
Marks & Spencer 'A'	2·04	2·44	2·07	1·99
"Shell" Transport	3·69	6·07	5·98	6·02
The Economist Indicator	3·79	4·52	4·57	4.59

Calls on the market for new issues continue at a very high rate. The Midland Bank's compilation for October is £77 million, the highest for years, bringing the total since January to £471 million, compared with £406 million in the first ten months of 1959. Last month's issues included the LCC's £20 million and other big fixed interest issues, as well as big rights issues of shares. This drain of money is widely cited as an important influence checking a rise in equity prices. The fact is that any so-called over-supply or shortage of stock has to be weighed against investors' current appetite. In 1959 total new issues were half as large again as in 1958, but by the end of the year the market was lamenting the dearth of first class stocks. The current spate of new issues, such as that announced this week by GKN, undoubtedly exerts some restraining influence; but the overriding factor is market sentiment.

Calculations in Lombard Street

THE discount market, too, has made only a modest adjustment to the Bank rate cut. The market syndicate raised its bid for three months Treasury bills by 1s. 1d. last week, marking a reduction in its discount rate by only 4s. 4d. per cent. Since other applicants raised their bids by rather more, the average rate of discount fell by 4s. 9d. to £5 1s. 9d. per cent. This compares with a rate of £4 16s. 6d. at the tender immediately after the reduction from 6 to 5½ per cent in May, 1958. Plainly there is considerable scope for bill rate to fall in coming weeks and months.

This indeed is what the discount market wanted. It knows the authorities will frown on what they consider an undue fall in rates, and if bill rate had been cut by a full ½ per cent last Friday the market would have left itself little room for manœuvre in coming weeks. Since it seemed likely last Friday, judging by the outsiders' big holding of maturing bills, that competition would be especially strong, the market decided to go for the rate rather than the bills, and some outsiders found they had paid too much. All this is part of the regular and acceptable battle of nerves between the discount market and other applicants, with each party holding certain opening advantages. Caught between strong outside competition and the threat of penal borrowing at the Bank of England if it meets that competition too directly, the discount market can hardly escape some such gyrations. But the Bank of England might reflect that its success in checking the fall in the bill rate also marks a weakening of the positive external aim of the Bank rate reduction. Overseas demand for bills has continued strong this week, mainly from the Continent but also from across the Atlantic.

WEIGHTS AND MEASURES

Goodbye to the Pole and the Peck

SCHOOLCHILDREN still unborn will be grateful to the authors of the new Weights and Measures bill for removing some ancient units of measurement, like the rod, the bushel and, with luck, the scruple, from arithmetic books for ever. The bill contains a fairly restricted list of official measures, most of them defined in relation to the metric equivalent, with the exception of the gallon, which continues, along with all other liquid units, to be defined in a way unlike any other measure on earth.

The teeth of the bill lie, however, in the power that it gives the Board of Trade to insist that certain types of goods are sold only by weight, by number or some other accepted unit of measurement. This will come as something of a shock to those who expected that if the government accepted this principle at all, it would insist that it applied to all goods. The preliminary list, contained in the draft bill to which the Board of Trade can add at will, shows that the first assault is being made on the food and drink industries (eventually including public houses where, after a time-lag of three

The strength of Japan's motor industry appraised in 'The Motor'

With our own motor show in full swing, the Technical Editor of *The Motor* stole time to visit the Tokyo Motor Show, where Japan's motor industry is on view to the world. Japan's industrial vitality is too great to disregard and his findings reveal some remarkable facts.

A six-page illustrated report on the show attempts to gauge the potential strength of the industry in this week's issue of *The Motor*. It is the first instalment of a very full assessment of this new force in the motor vehicle export business. Later issues will continue the story. Other features in this week's issue:

Esso's new refinery at Milford Haven
Road Test on the new DKW Auto Union Junior
First full description published of the Lancia Flavia

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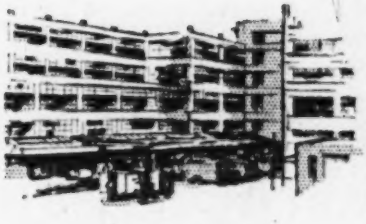

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years, "a Scotch" will mean a quarter, or a fifth, or a sixth of a gill), on pre-packed goods, like detergents and cleaning materials, and such awkward commodities as sand, ballast and fuel, both solid and liquid. All trading in, and transport of, these will in future have to be carried out with reference to some measure of quantity. Obvious omissions are cosmetics (many of which are sold in false-bottomed jars) much ironmongery (but not paint and strippers) and haberdashery like pins and needles, but not ribbons or elastic.

PUBLIC INVESTMENT

Peter Rather than Paul

WHEN Lord Amory, as Chancellor of the Exchequer, announced in June that the Government would hold public investment in 1961-62 to the same level as in the present financial year (as part of a package of short-term measures designed to deal with last summer's pressure on the economy), the best estimate then available of the total investment programme for the public sector in 1960-61 was £1,730 million. This week's white paper on public investment* reveals that to keep to this ceiling in 1961-62 and to allow for higher capital spending on most types of investment directly controlled by Government departments and local authorities, the combined investment programmes of the nationalised industries have been cut back by some five per cent, from £745 million this year to £709 million next year.

INVESTMENT IN THE PUBLIC SECTOR

£m.

	1958 to 1959 Actual	1959 to 1960 Actual*	1960 to 1961 Programme	1961 to 1962 Programme
Coal	103	108	100	96
Gas	46	48	48	47
Electricity	300	356	337	358
Airlines	37	30	60	33
Transport Comm.	166	197	200	175
Nationalised industries total	652	741	745	709
Roads	69	86	97	108
Atomic energy	42	37	44	45
Post office	90	92	94	96
Education	134	138	152	162
Housing	271	270	273	277
Water & Sewerage	62	70	92	99
Hospitals, health & welfare services	31	37	45	55
Other	122	139	168	185
Total (rounded off)	1,470	1,620	1,710	1,730

* Estimate. 1958-59 and 1959-60 figures are at current prices: the programmes for 1960-61 and 1961-62 are calculated at prices ruling in March, 1960.

The biggest cut, apart from the expected decline in capital spending by the state airlines following this year's large purchases of new aircraft, has fallen upon the Transport Commission: its investment will be an eighth lower next year, and may yet be cut down by a fifth altogether—from £200 million to £160 million—if certain projects still under consideration are also postponed. Of the state industries, only the electricity industry will be spending more.

Broadsword, not Rapier

SINCE the Government committed itself to stabilise public investment next year, however, a further estimate has been produced of total expenditure during the current year. This is now expected to be £20 million less than first thought and may in fact turn out, so the white paper states, to be even lower, in the region of £1,670 million. As public investment has consistently been slightly lower than first expected in the last few years, next year's total may similarly fall below the present ceiling of £1,730 million. But it could still be higher, in the event, than the total finally spent this year, whether or not the Government should decide in the meantime that the economic outlook justified formally raising the ceiling.

The scale, complexity, and variety of the investment programmes in the public sector, the number of authorities responsible for them, the availability of finance, the rate of progress by contractors, the time taken up in legal and other preliminaries for

* "Public Investment in Great Britain": Cmnd. 1203. HMSO. 1s. 9d.

OIL

How Much Russian Consumption?

ONE of the few fresh statements of policy from any major operator in the international oil trade at the recent Arab Petroleum Congress in Beirut (which is discussed more generally on page 579) came from Mr E. P. Gurov, chairman of *Sojuzneftexport*, the Soviet foreign trade organisation responsible for exporting oil. Mr Gurov said that the rapid increase in exports of Russian oil to the West did not mean that it was encroaching on the market to the detriment of the historical positions of other suppliers:

> We are only renewing our legitimate place among the exporting countries, which belonged to us in the prewar years and which was forfeited by us owing to conditions of wartime as well as due to the necessity of re-establishing home industry immediately after the war.

He recalled that between 1925 and 1935 Russia supplied 14.3 per cent of total oil imports of Western countries (during 1930-33, indeed, 19 per cent of them); during the four years 1956-59, its exports to the West totalled only about 4.4 per cent of total Western imports. Between the wars, again, Russia exported on the average 14 per cent of its oil production, the share sometimes reaching 30 per cent; in 1959 its exports to the capitalist countries, which he put at 14 million tons of crude oil and products, represented only 10.8 per cent of its output of 129 million tons of crude.

Mr Gurov went on to deny that *Sojuzneftexport* was forcing down prices in the Western market; to sell its oil, he said, it had to meet prices in the free, or "non-monopolized" market. Mr Gurov had divided the world petroleum market into two parts, "monopolised—controlled by eight international petroleum companies—and non-monopolised—on which act dozens of independent companies." In this second part of the market "the prices form in the process of acute competition and on their bases transactions are concluded." And he added that during the recent period of surplus the eight major international companies themselves have often been selling not at their own posted prices but at discounts "formed in the process of competition on the free market."

Pejorative adjectives apart—for "monopolistic" read "sales to affiliates"—Mr Gurov's analysis of the state of the international oil market was one with which few Western oilmen might differ. Some of the major companies, though by no means all, are indeed prepared to accept Russian motives in re-establishing its position in the world oil trade as purely commercial—as one American listening to Mr Gurov remarked dryly, "This, of course, is the Shell thesis." Even Russia's methods of contriving an entry to Western markets—deals direct with governments or nationalised importers, which save it the high investment cost of gaining entry in the ordinary way, allowing *Sojuzneftexport* to offer Signor Mattei, for example, extremely low prices for long-term contracts—have not been unknown among the majors themselves since the war. Mr Gurov's lecture on how a free market works came rather conveniently at Beirut for the Western majors, who were trying to put this over to Arabs themselves. He made, certainly, the necessary nod towards the petroleum-exporting countries' hopes of stabilising prices:

> We consider that market prices should not be low to such an extent as to undermine the general structure of prices. The endeavour of the countries exporting crude oil to prevent eventual reduction of crude oil prices meets our complete understanding.

But the most important implication of his lengthy statement was its exposure of Russia's aims in oil—to regain its prewar position as a world oil exporter. Western speakers at the congress had variously guessed that by 1965 Russia might be exporting 25-35 million tons a year. Other speakers had suggested that by the middle of this decade oil import requirements of the free world, even excluding the Western Hemisphere, might be of the order of 300 million tons a year. Fourteen per cent of 300 million tons would be more than 40 million tons a year.

individual schemes—all these factors contribute to the margin of uncertainty in these forward estimates of total capital spending. That does not mean that the exercise is wholly meaningless. The white paper, which is the first of a new annual series, is primarily designed to give Parliament some basis on which to debate the policies giving rise to these capital programmes. It thus fulfils the promise made by the Chancellor last March as well as one of the recommendations of the Radcliffe committee. Previously, estimates of public investment first appeared in the economic survey at the start of each financial year.

But the inevitable margin of uncertainty does throw some doubt on the practical use the Government can make of its control over public investment to make even short-term adjustments to match changing economic circumstances as part of its wider economic policy. Ideas of using public investment as a counter-cyclical device have long since receded—which is not to say that they might not ever have to be revived. The public sector is now charged with the development of the basic industries as well as social programmes that are regarded as equally important: chopping and changing most of these programmes would cause more waste than savings. In the white paper, the Government argues that marginal variations can still be made by concentrating upon projects that can be started and finished relatively quickly, and points—rather questionably—to the slowing down of schemes in 1957 and the stimulus imparted at the end of 1958 as relevant examples. But the time that even these changes may take to have effect, and the probability that the margin of uncertainty may in fact be larger than any marginal adjustments the Government can engineer, hardly gives this particular weapon of economic policy a suitable aura of precision.

HIRE PURCHASE

Business, Bank Rate and a Tax Scheme

HIRE purchase business in October declined further. The records of Hire Purchase Information show a slight fall in the number of deals in new cars, to 10,012 despite the fillip that is usually given by the motor show. As a result, HP contracts in new cars for the first time fell below their level a year ago. HP sales of used cars, at 54,504, were one seventh below October last year. Activity in motor cycles continued slack, and the one bright spot was again commercial vehicles.

The Bank rate reduction was followed by similar reductions in deposit rates at most of the big finance houses, where three months' deposits are usually at Bank rate, but there has been no adjustment of hire purchase charges. These had previously not been raised fully in line with the increases totalling 2 per cent in Bank rate this year and the finance houses were suffering pressure on their profit margins from the high cost of deposits and bank overdrafts—as well as from the increase in bad and doubtful debts picked up in the carefree expansion of 1959.

Meanwhile, almost all the finance houses, and not a few banks, are immersed in study of the ingenious scheme brought down from Scotland for combining a hire purchase contract with a bank loan and thereby securing tax exemption for the borrower. Some lawyers appear to have declared the scheme workable, though others have doubts whether the courts would accept the validity of the hire purchase contract and allow repossession. It seems generally agreed that a big finance house with a parent company that can pass as a bank should be able to work the whole operation inside its own group. Others, on the model of Capital Finance and the Bank of Scotland, would in effect be working as commission agent for bank advances, an arrangement which is full of fascination for the future of both hire purchase and banking.

FIRE

Prevention and Cure

FIRE has done ten per cent more damage this year than last; losses to the end of August are put at £30 million against £27 million in the same period last year and this does not include several big fires in recent weeks. The total bill last year was £44 million for 240,000 fires, and it is probable that 700 people died in them. On Friday, the Minister for Science was opening a £300,000 extension to the largest and best equipped laboratory for fire research in the world, which is jointly owned and financed by the Department of Scientific and Industrial Research and the insurance industry. The extent of fire losses poses the question whether sufficient use is being made of its findings. It is not often that public opinion is sufficiently aroused, as it was over fires caused by oil heaters, for the Fire Research Station's recommendations to be put immediately into effect.

It appears to be a matter of chance whether local authorities decide to incorporate the findings of the laboratory in their local by-laws; and a matter of even more remote chance whether architects think of incorporating any of them into buildings unless the by-laws oblige them to do so. The stringency of fire regulations varies widely between local authorities and some of those regulations are so antique that the Home Office might ask why some authorities take a more complacent view of fire risks than others. Some recent tragic fires show there is scope for tightening regulations and conceivably for a single code covering the country. And what of fire-prone appliances? The number of fires caused by electrical appliances is rising and this seems to involve the difference between designing something "fool proof" and something "damn fool proof." There is at present no way of obliging the electrical industry to choose the latter course.

RADIO MERGERS

Pye and Ekco

IT is becoming increasingly difficult for the medium sized company to survive in electronics; this, rather than mounting stocks of television sets, may have been the leading motive for the merger announced between Pye and E. K. Cole. These two companies are among the five top selling brands in the domestic television market, and while this is burdened with nine months' stocks of sets, that fact alone should not be calamitous for either of them. These mounting stocks reflect dealers' suspicions that the standard size of television tube will be enlarged as well as the usually blamed hire purchase restrictions. But both Pye and Ekco, who have enjoyed a good run in an expanding domestic market and now see it approaching a replacement basis, may well feel that there are good prospects in equipment that incorporates electronics. To develop this market in capital goods, a company must have a large and expensive applications laboratory and financial resources to back it.

Pye has diversified to a far greater extent than Ekco, and has a foothold in most of the expanding markets for electronics, except computers. Ekco has one asset that Pye lacks—considerable experience in plastics. A merger between the two companies—ordinary shareholders are being offered one 5s. share in a new holding company for one Pye 5s. ordinary and three 5s. shares in the holding company for two 5s. E. K. Cole ordinary—should give the company the broad basis that it needs to compete with other expanding giants like EMI or Thorn, or such back-room companies as Plessey. Broadly the terms are in line with the 75/25 per cent split in assets and earnings between Pye and E. K. Cole; the market's reaction was to mark Pye down to 15s. 3d. and E. K. Cole by 4s. 6d. to 22s. 9d.

KENYA

The Capital Outflow

SINCE the constitutional conference at Lancaster House in January, capital has been flowing out of Kenya at about £1 million a month. These transfers have in turn put severe strains on the liquidity of the banking system. At the big banks with head offices in London which operate in Kenya, cash and London balances of Kenya branches fell from 26 per cent. at the end of March, 1959, to 14 per cent in March, 1960, and the liquidity ratio is now thought

to be much lower. The dwindling of London balances held by these banks has been intensified by the appearance of a £3.5 million trade deficit in the first six months of this year; in the same period last year there was a surplus of £5.3 million. It is believed that many of the Kenya banks have now nearly exhausted their overseas balances and that they are under strong pressure from their head offices to restrict credit. The first moves in this direction have already been taken. The banks have increased their minimum lending rates from 7 per cent to 8 per cent and in an attempt to check the fall in deposits they have also increased the rates payable on time and savings deposits. Lombank, a credit finance house in East Africa associated with Lombard Banking, has, for similar reasons, decided for the time being to stop advancing money for hire purchase.

The white community in East Africa has always moved considerable amounts of money in and out and it is believed that the present outward movement is not much more than normal: much investment is fixed, particularly in farms, and cannot readily be liquidated. Inflows of new capital, on the other hand, have virtually ceased. In addition, Indian traders in East Africa are losing their working capital as relatives in India withdraw their stake. These movements have directly reduced the amount of local capital available for investment and now, in addition, they are forcing the banks to restrict credit. In spite of assurances given by Kenya's deputy Finance Minister that the government has no intention of attempting a solution through exchange controls, rumours persist.

MERCHANT BANKS

A Stake in M. Samuel

M. SAMUEL, the fourth member of the Accepting Houses Committee to offer the public a participation in the fortunes of its business, on Thursday secured an exceptional response from investors. The offer was of 650,000 of the 2,500,000 issued £1 ordinary shares of M. Samuel & Co.; 73 per cent of the capital is to remain within the Samuel family. Although as in all previous merchant bank issues the stake is not large, the terms of the issue and the present vogue in this type of share ensured a success. Eight of the seventeen members of the Accepting Houses Committee are now either quoted themselves or controlled by quoted companies. More will no doubt follow, under the pressure of taxation on family businesses and the need for bigger units. This week Mercury Securities, the group controlling S. G. Warburg, has foreshadowed a further call on the capital market; it is to place £2 million of 6 per cent unsecured loan stock.

Established in 1831 by Marcus Samuel, great-grandfather of the present chairman, M. Samuel grew out of the trade in decorative shells used on Victorian bric-à-brac, to a prominence in merchanting, shipping and oil as well as banking. In 1897 the oil department was hived off to become the 'Shell' Transport and Trading Company with which the Samuels still have close ties. The published ten-year profit record reveals a steady rise in earnings over the past four years from £188,000 in 1957 to £496,000 in 1960; they also show a loss in 1956, which is a reminder of the vulnerability of merchant banks to special transactions or changes in the value of investments. Profits before tax for the current year are estimated at a prudent £370,000 (about the average of the past four years) and it is intended on this basis to pay a dividend of 7 per cent, which gives a yield on the issue price of 40s. of 3½ per cent. As the table shows this is by no means low by comparison with yields on existing quoted shares of merchant banks. Net assets amount to 39s. 6d. a share, an unusually high asset backing.

	Issue price	Price, June 30, 1960	Nov. 2, 1960	Div. per cent	Yield per cent
Merchant Banks					
Hambros	103/-*	101/3	116/-	22½	3 6
Singer & Friedlander	51/9†	50/6	55/9	8	2 8
Schroders	32/6	59/9	68/6	6	1 7
(October 5, 1959)					
Brown Shipley	52/-	52/3	53/-	10†	3 7
(May 16, 1960)					
Arbuthnot Latham	30/-	...	30/9	8†	5 1
(August 8, 1960)					
Ras Brothers	48/4½	...	59/3	10†	3 3
(October 13, 1960)					
M. Samuel	40/-	...	—	7†	3 5
Investment Trusts					
Lonsdale	23/3*	21/9	28/6	15	2 6
Mercury	220/-*	285/-	352/6	35	2 0
Philip Hill	38/3*	32/6	24/9	11¼	2/3

* Price at January 1, 1960. † Prospectus estimate.

RESTRICTIVE PRACTICES

Demarcation Disputed

IN a reserved judgment delivered this week, the Restrictive Practices Court declared contrary to the public interest the "demarcation agreement" between the Retford and Doncaster Co-operative Societies, under which each society had agreed not to open shops or trade in the other's area. Of the 918 retail Co-operative societies in Britain, 197 are parties to 208 similar agreements now on the Register of Restrictive Trade Practices; the effect of the judgment on these is uncertain. How much effect this will have on co-operative trading policies is another matter; giving the Court's judgment, Mr Justice Diplock noted that "if the (Doncaster and Retford) boundary agreement ceased to exist, substantially the same result would be achieved as respects the trading operations of the two societies as long as they remained members of the Co-operative Union, by enforcement of the union's general policy on overlapping"—which forbids competition between societies. This would hold true, the Court said, "even if there were any economic or other inducements to either society to venture into the area in which the other has heretofore traded."

The societies had claimed that the agreement provided "specific and substantial benefits" to the public—defined at one point by counsel as the members of the two societies and no one else—under Section 21 (1)(b) of the Act: they claimed that competition would be uneconomic and that it would raise prices and lower members' dividends. The Court found that this argument had not been made out by the evidence. The question whether the restrictions involved any detriment to the public did not therefore arise; and the Court expressed no views on that question.

The restriction under which each society agreed not to enroll members from the other's area was held to be not registerable under the Act, and no declaration regarding it was made. The Court—which this week began consideration of an agreement of the Wholesale Confectioners' Alliance—adjourned until a later date its decision as to the form of undertaking to be made by the Doncaster and Retford societies.

NATURAL RUBBER

Down to Earth

FOR nearly six months prices of natural rubber have been falling almost steadily in the face of surplus. The top grade of sheet rubber for three months delivery in London now costs about 26½d. a lb, nearly 1s. below the peak of last May. In the last fortnight the pressure of rubber for November delivery has brought renewed weakness, accounting for 1½d. of that decline. The earlier period of high prices encouraged consumers to switch to synthetic rubber as quickly as possible and the decline in car output in Britain and some Continental countries has further diminished demand. With the market apparently moving in their favour, buyers see no need to order well ahead. The premium for spot rubber has gradually disappeared as supplies have become plentiful, and forward quotations for any one of the next six months are almost the same. Should rubber fall below

COINCIDENCE?

Is a pattern emerging in the timing of Bank rate changes? Here are the days of the month on which Bank rate has been changed in the last three years:

1957—September	19	1958—August	14
1958—March	20	November	20
May	22	1960—January	21
June	19	June	23
		October	27

Seven of the nine changes were made between the 19th and 23rd of the month. It might be no more than coincidence. But by the third week of the month the authorities know the month's banking figures and the month's unemployment count, and have a fair idea of the movement in the gold reserves.

25½d. a lb, sales from the British and American governments' stocks will cease, and that should at least cushion any further decline. But traders in this sensitive market are not confident that the bottom has yet been reached, though some believe that the predicted surplus of 150,000 tons—which must finally move into commercial stocks—may now be largely discounted.

LONDON TRAFFIC

Park Under the Park

NEARLY every committee charged with looking into car parking in central London in the last ten years has made some proposal about garages under the Royal Parks, and nearly always hedged by a reference to the possible loss of amenities. News that a bill is to be introduced this session authorising the construction of an underground garage at the Marble Arch corner of Hyde Park (and possibly at other sites later on) will be taken to mean that the Government has resolved these doubts. A few trees might disappear but the only part of the garage that would need to protrude above the surface would be the air vents and these could be hidden by shrubs.

There is, indeed, much to be said in favour of underground garages in these parks. The Government has sensibly decided against using Exchequer funds: the bill would authorise the Commissioners of Crown Lands to lease sites to local authorities or to private developers who would build and operate the garages. If the Commissioners charge a nominal rent and the LCC allows petrol to be sold on the site (this need not necessarily run foul of the council's fire regulations or considerations of amenity), the cost of building and running a garage, and thus the charges for parking, need not be unrealistic—possibly as low as £800 per car space and a shilling an hour respectively. This would be a shade cheaper than the costs of many new multi-storey garages, where developers have to compete for sites. Accommodation for about a thousand cars is envisaged at Marble Arch; but as parking demand rose the garage could be extended, at a less than proportionate increase in costs.

ROCKET CLUB

Canvassing for Members

THE outcome of talks that Mr Thorneycroft, the Minister of Aviation, has just held in Paris will decide the future of Britain's Blue Streak rocket and its chances of being used to launch a £15 million a year space programme. The Minister for Science has consistently discounted all arguments that on scientific grounds it would be justifiable to proceed with Blue Streak. His advisers have told him that the scientific return from satellites, while interesting and important, would not justify spending anything like the massive sums required to get Blue Streak into space. There is also some difference among communications experts about the relative merits of a telecommunications system based on satellites and one based on submarine cables; the services point out that satellites would be useless in wartime or even during periods of international tension. Lord Hailsham has therefore stood fast against the "space lobby."

The case that the government is now making for Blue Streak, which it hopes will catch the French imagination, is simple and non-scientific. Briefly, it is the need for the West to have a second rocket industry outside the United States. Fear of the long-term consequences, military and political, of an American "monopoly" in ballistic rockets is thought to be as strong in France as it is in certain British quarters, and it is hoped that France might be prepared to contribute some millions of pounds a year to keep in the competition. France is the only country approached that is likely to make a big enough contribution towards putting Blue Streak into orbit, and if these negotiations fail the project is likely to be scrapped entirely. If they succeed, Mr Thorneycroft will have founded not a space club, but a club for rocketeers with reduced subscriptions for space members.

SHORTER NOTES

The process of concentration in the tobacco industry brought about by the intense competition in cigarette sales of the last few years has at last reached the Imperial Tobacco Company, whose total sales have been steadily dropping. Three of its branches, Churchman in Ipswich, Lambert and Butler in London and Edwards, Ringer and Bigg in Bristol, which have been controlled by a single director since June, are to be formed into one organisation next February. For the time being manufacturing will continue at all the three branches' factories, but their separate sales organisations are to be moulded into one.

*

The directors of Associated Portland Cement have maintained the interim dividend for 1960 at 4 per cent. They say that the group's works have been fully employed to meet the high level of demand from the building industry. In the home market deliveries of cement are higher than they were in the corresponding period a year ago, and while export sales have fallen slightly profit margins have improved. For 1959 a total dividend of 11 per cent was paid.

*

The Reed Paper Group proposes to extend its paper and board interests in the common market by building, in association with La Centrale of Milan, a carton board plant in Italy with an initial capacity of 40,000 tons a year. Production of board in Italy is well below domestic requirements and Reed also thinks that the Italian market offers considerable prospects of growth. Government finance might be forthcoming for this £5 million project, which should be in operation within three years.

*

The Legal and General Assurance Company has doubled its interim dividend from 2s. to 4s. per 5s. share, but the directors say that this is solely to reduce the disparity between the interim and final payments. The total dividend paid for 1960 was 9s. 6d. per share.

*

While maintaining the interim dividend at 5 per cent the directors of Daily Mirror Newspapers have warned shareholders that considerable expenses are being incurred on the promotion of women's magazines. This together with the special expenses involved in bringing new plant into production will adversely affect the current year's profits. For the six months to the end of August trading profits fell from £1,718,135 to £1,664,175 even though profits for the comparative period were affected by the printing strike.

*

Lancia has introduced a new 1½ litre model this week at the Turin motor show. Called the Flavia, it differs from previous Lancias in having front wheel drive and a four cylinder, horizontally opposed engine—instead of their famous narrow-angle V engines. The body is relatively big for a 1½ litre car, following a restrained Farina style; four headlamps are fitted. Lancia-Dunlop disc brakes are fitted to all wheels; a top speed of 92 mph is claimed. Right-hand drive versions will be made.

COMPANY AFFAIRS
Comments on pages 604, 605 and 606 on:
Debenhams — Moss Empires
Fisons — Great Universal Stores
British Aluminium — Crompton Parkinson
Henry Wigfall — Assoc. British Engineering
Guinness–Philips–Crookes
John Peters–Waring and Gillow
Express Dairy–Spiers and Pond
Norcros–Fisher Clark
Lloyds Bank–National and Grindlays

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 602 and 603

LONDON STOCK EXCHANGE
The week's movements reported on page 606

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 607

COMPANY MEETINGS

Fisons Limited . . .

. . . is the largest manufacturer and distributor of fertilizers and agricultural chemicals in the United Kingdom and a major producer of industrial chemicals, ethical and proprietary pharmaceuticals, dairy products and milk powders. The Group also has interests in plastics, food canning and laboratory glassware. The trading activities of Fisons are world-wide.

Group Sales at £51,343,000 were 10% higher than in 1958–59 and enabled a new peak net profit to be earned. A Final dividend of 7% is recommended making a total of 11% for the year on the Ordinary Capital as increased by the scrip issue of one for three in December 1959.

FERTILIZERS

During the past year the growth of United Kingdom fertilizer consumption expressed in plant food units was about 15% compared with a recent average annual increase of about 4%. The particularly fine harvest and good weather in the autumn of 1959, the greater realisation of the value of fertilizer to grassland, and the impact of the Small Farmer Scheme probably accounted for this abnormal increase which has resulted in record sales and consequently higher profits. The upward trend of consumption is likely to revert to a more normal 4% per annum in future. The new nitrogen factory at Stanford-le-Hope has operated satisfactorily. Since the end of the last financial year capital expenditure proposals amounting to about £1,000,000 have been approved to improve and increase our production facilities. Sales and earnings of horticultural products have also expanded.

CHEMICALS

All companies in the Chemical Division operated profitably and their aggregate profits showed an increase of 20% over the previous year. A further improvement is expected in 1960–61. While competition is increasing continually Fisons business is founded primarily on specialised and in many cases patented products, and is therefore not so subject to price competition as commodity chemical products. The introduction of new products into overseas markets, in spite of increased competition abroad, resulted in a further expansion abroad and to-day exports amount to nearly 40% of our total chemical sales.

EXPANSION

There are limits, particularly in the home market, to future fertilizer development although certain ambitious plans are in existence for expansion both at home and abroad. The present size and importance of the group in the chemical industry, allied to the general need for industries to re-group to produce larger and more economic units, will necessitate further substantial expansion. Fisons interests will be best served by expanding in industries in which the company already has a foothold. The company has been investigating certain developments of its existing interests, particularly food and pharmaceuticals where expansion seems to be both possible and profitable.

RESEARCH

The research effort of the Group continues to expand and expenditure last year on research and technical services was well over £1,000,000. The laboratories and associated farms at Levington and Chesterford Park cater for the agricultural interests of the company and are believed to be in the front line of progress in this field. There is a continuous effort to achieve new products in agriculture, food, medicine and industrial chemicals.

FISONS	1959–60	1958–59
	£s'000	£s'000
Group Sales	51,343	46,688
Net Profits	2,021	1,800
Dividends	1,160	965
Retained	860	835
Fixed Assets	21,423	22,113
Net Current Assets	15,606	12,634

Principal Subsidiary Companies include:

Fisons Fertilizers Limited, Fisons Horticulture Limited, Fisons Pest Control Limited, Fisons Foods Limited, Fisons Chemicals (Export) Limited, Benger Laboratories Limited, Genatosan Limited, Whiffen & Sons Limited, Loughborough Glass Limited, Pickering & West Limited.

Associated Companies include:

Murgatroyd's Salt & Chemical Company Limited, The United Sulphuric Acid Corporation.

There are also Subsidiary and Associated Companies in South, Central and East Africa, Sudan, India, Ceylon, Malaya, Australia, Canada, U.S.A. and Holland.

The above are points from the Report & Accounts and Sir Clavering Fison's statement for the Year ended 30th June, 1960

SOLAR INDUSTRIES LIMITED

PROFIT ESTIMATE COMFORTABLY EXCEEDED

CURRENT OUTPUT AND EARNINGS SHOW A SATISFACTORY INCREASE

MR R. K. CALDER'S REVIEW OF SUBSIDIARIES' ACTIVITIES

The fifty-fourth annual general meeting of Solar Industries Limited was held on October 28th in Glasgow, Mr R. K. Calder (Chairman and Joint Managing Director) presiding.

The following is an extract from the chairman's statement:

Before reviewing the results for the last year it is my privilege to welcome our new shareholders, who, with holdings ranging from 50 shares to over 250,000, reflect the success of the new issue made in March last.

THE ACCOUNTS

Turning to the accounts, the Group trading profits advanced to £655,254, an increase of over 35 per cent. Charges against trading profits, £203,464, advanced by nearly £8,000, more than covered by increased Depreciation provisions, the total charge for which, £101,712, compares with the 1959 provision of £90,933. Loan Interest absorbed over £45,000 but some reduction in this charge may be expected in the current year.

After allowing for all expenses the profits before tax of the United Kingdom Companies were £524,216, out of which had to be borne the overseas losses (almost wholly Canadian) amounting to £72,426. The resulting pre-tax profit of £451,790 compares with £287,769 for 1959, and is comfortably in excess of the £400,000 estimate made when the Ordinary Shares were introduced to the Market.

However satisfactory these results may be in total, the Canadian Companies have been a disappointment. Management and organisation changes in the Canadian Companies should now bear fruit and the results so far in the current year bear this out.

After providing for taxation on the profits of the United Kingdom Companies the net profit for the year is £214,674, as compared with £121,169 for 1959.

An interim dividend of 5 per cent less tax was paid on March 18th last and your Directors feel justified in recommending a final dividend of 12½ per cent less tax, exceeding by 2½ per cent the forecast made when the Ordinary Shares were introduced to the Market. This, together with the interim dividend, will absorb £85,750 and leave £104,575 to be added to the net balance brought forward from last year of £234,530. The consequent final balance available in the consolidated accounts is £339,105, which your Directors recommend should be carried forward.

The Balance Sheet of the Company and the Consolidated Balance Sheet reflect the changes in the authorised and issued Share Capitals consequent upon the bonus and cash issues made in March last. Expenditure on additions to Plant and Machinery, etc., increased to nearly £150,000. After allowing for depreciation net Fixed Assets show an increase of nearly £100,000 and now stand at £964,881. Thanks largely to the cash issue, net Current Assets now stand at some £1,189,000, an improvement of over £300,000 compared with 1959 and certain loans have been discharged or reduced by some £140,000.

SUBSIDIARIES' ACTIVITIES

I should now like to review the activities of the Subsidiary Companies.

Aluminium Bronze Co. Ltd. had a record year with still further advances in the current year. Trent Foundries Ltd. managed to secure a modest increase in output, but margins were keener and profits lower. The current year is showing a major improvement and extensions to the works are now being undertaken. The Verichrome Plating Companies showed increases in output and earnings. The new factory on the Bede Industrial Estate at Jarrow is now coming into production, and since the close of the year the business of Irco Plating Company Ltd. at Coventry has been acquired.

The Draftex Group operated at improved output levels, but at lower profit margins. Draftex GmbH, the German Company, made reasonable progress, but finished the year with a small loss. Royalty income from the licensees showed a satisfactory increase.

Atkinson's Agricultural Appliances Ltd. had a 50 per cent increase in output with a commensurate growth in earnings. The level of output is satisfactory.

The Burnley Group recorded an increase in output levels, and further expansion may be expected. During the year new plant facilities were installed for the production of specialised road tankers and other forms of special purpose transportation equipment. A satisfactory start has been made in this new line of activity. Research and development work in association with our French colleagues of La Soudure Electrique Languepin has continued in connection with both welding and spark erosion machines.

Over the past two years a reduction in the capital invested in Scottish Aluminium Ware Ltd. has now been accompanied by a marked increase in output and earnings. In the current year Airelite Venetian Blind Company has been acquired to give a foot in London with the Company's "Luxaflex" venetian blinds. Output so far this year is almost double that of 1959.

I have already referred to the Canadian Companies—Renfrew Aircraft & Engineering Co. Ltd. and Norpoint Ltd.—and I need only add that we have now secured as Canadian Directors, Messrs John H. McDonald, Solicitor of Ottawa, and Douglas Mallory, formerly of the Trade & Commerce branch of the Canadian Government, who has a lifelong knowledge and experience of Canadian industry. Further Canadian Directors will be appointed in due course.

The Greenock Foundry operated by The Aluminium Castings Co. has recently been closed. The Aluminium Castings Co. was the original parent of the Group and in 1957 the name was changed to Solar Industries Ltd. Your Directors' decision to close the Foundry was taken with real regret and it was decided to transfer such works and plant as was possible to the Group's Foundries in the Midlands.

THE OUTLOOK

Having given a brief review of the Subsidiary Companies and indicated the progress in the current year you may expect some indication of the prospects for the remainder of the year. The wind of change has been blowing through the motor trade which, in my experience, is one of the most reliable barometers as to the state of trade generally in the country, there is no telling how hard or fiercely it may blow—Government policy alone may determine whether it is a gale or a squall. Meantime all I can say is that so far the Group output and earnings in the current year show a very satisfactory rate of increase.

In conclusion I wish to thank, on your behalf, my colleagues on the Board of the Parent and Subsidiary Companies, staff and employees, both at home and overseas, for the keenness and enthusiasm which have been the hallmark of a record year.

The report and accounts were adopted.

TOLEDO WOODHEAD SPRINGS

SUBSTANTIALLY INCREASED TURNOVER AND EARNINGS

The 22nd annual general meeting of Toledo Woodhead Springs Limited will be held on November 25th at Coronation Works, Aycliffe, Co. Durham.

The following is an extract from the circulated statement of the chairman, Mr Frank Woodhead:

The group trading profit for the year is £170,487 before deduction of depreciation, a seventy per cent improvement over our previous year's result. Most of this increased earning capacity has come from the substantial increase in turnover.

It was necessary also to make provision for the loss of £7,500 recorded by TAIP (Engineers) Limited, our subsidiary engaged in tooling and production planning. Business prospects, however, as reported over the last two or three months show an improvement.

The Directors are of the opinion that it is essential for an introduction of further capital to the sum of £225,000. Your Directors have enclosed along with the Reports and Accounts, a "rights" offer of one share for every two held, at a price of 10s. 6d. per share. An increase of nominal capital is also required and a Notice of a Special Meeting to authorise this is likewise enclosed.

Your Board are confident that the Company's immediate prospects are very good indeed.

It has been the decision of your Directors to increase the final dividend to 12½ per cent, less tax, thereby making a total annual distribution of 20 per cent for the year, which is 2½ per cent greater than was paid last year.

Furthermore, it is your Directors' intention, present progress being continued, to maintain that dividend of 20 per cent on the increased capital.

THE BRITISH LINEN BANK

STATEMENT TO STOCKHOLDERS BY THE GOVERNOR, LORD AIRLIE

The Right Honourable The Earl of Airlie, KT, Governor of the Bank, has circulated a Statement with the Accounts of which the following is an extract:

The year now under review witnessed further acceleration of the high activity of the Bank's business to which I referred twelve months ago.

After deduction of the necessary provisions, the profit disclosed at this time is almost £20,000 higher than last year's figure. It will be understood that many factors, some favourable and some inevitably unfavourable, go to produce the final result annually, but everything considered, the improvement in net profit is very satisfactory. A year ago the distribution to the Proprietors was raised to 20 per cent in respect of the year to September 30, 1959. It is now proposed to maintain this rate for the past year and to allocate as before sums of £130,000 and £100,000 respectively to Staff Pension Fund and Contingencies Account. These appropriations will leave in Profit and Loss Account a surplus of £234,379, as against £205,632 at September 30, 1959.

Examining the Balance Sheet, Notes in Circulation at £14,911,000 are some £771,000 higher on comparison with the figure a year earlier. Deposits at £87,221,000 have contracted by approximately £1.4 million. Last year there was a gratifying increase of 8.75 per cent in this important item over the preceding year's figure. Our customers, creditors as well as debtors, continue to increase steadily in number year by year. In such circumstances it follows that if Deposits fail to expand in volume or actually decline they are more widely spread.

I am hopeful that our business will continue to grow and that an upward trend in the total of Deposits with us may reappear. For the present, however, it would seem that increase of deposits throughout the banking system as a whole is curbed by a combination of circumstances, of which the principal is the strong competition by bidders other than the joint-stock banks for short-term monies.

Turning to the Assets side of the bank's Balance Sheet, it will be observed that liquid items, consisting of cash, cheques in course of collection (all drawn on other banks), short money and bills discounted aggregate £29,730,000. This represents a liquidity ratio of 29.1 per cent to the combined total of our Deposits and Notes in circulation.

A reduction of just over £6 million in the value of our holdings of British Government securities, now standing in our books at £27,957,000, in the main reflects realisations necessitated by the sharp rise in our Advances. The market value of these investments at September 30th last was in excess of the book figure. Advances have soared to £44,103,000, equivalent to 43.18 per cent of liabilities to the public in the form of Deposits and Notes. This rise in Advances of some £11¼ million over the corresponding figure a year earlier is a measure of the activity of our business. Analysis discloses that the expansion is attributable principally to borrowings by customers engaged in industry, commerce and agriculture. New business in Scotland is a prominent feature in this context.

Special Deposit of £900,000 with the Bank of England is of course a new element, and represents our share of the deposits which the London Clearing Banks and the Scottish Banks have been obliged to lodge with the Bank of England.

PIFCO HOLDINGS

TURNOVER MAINTAINED

The forty-eighth annual general meeting of Pifco Holdings, Limited, was held on October 26th in London, Mr A. D. Webber, chairman and managing director, presiding.

The following is an extract from the chairman's circulated review:

We have maintained our position with some progress in turnover, but profits show little change due to rising costs. Group profit before taxation at £227,601 compares with £218,811 for the preceding year.

After taking account of £6,711 excess provision in the previous year, taxation amounts to £105,356 leaving a profit available to the Group of £122,245.

Your Board recommends a final dividend of 20 per cent less income tax, and this, with the interim dividend of 10 per cent less income tax, already paid, will absorb £18,375, leaving a balance to be carried forward of £103,870.

Turnover for the first four months of the current financial year has been maintained and our order book is very satisfactory. We are shortly introducing three new domestic electric appliances.

With the steady expansion of the purchasing power of the community, I am confident of the future of our Company. Our products are well made, attractive and widely established. Provided that the economic situation does not produce any new difficulties, your Company is well placed to show further progress in the coming year.

The report and accounts were adopted.

EAST ASIATIC RUBBER ESTATES

The thirty-seventh annual general meeting of East Asiatic Rubber Estates, Limited, was held on October 31st in London, Mr H. T. Karsten (the chairman) presiding. The following is an extract from his circulated statement:

The steady rise in the price of rubber during the past year, together with the increased crops harvested, is reflected in the net proceeds of rubber sales which totalled £587,898 compared with £444,035 for 1958/59. The profit of £124,636 exceeded the previous year's figure by £41,358 (nearly 50 per cent). The Board recommend the payment of a dividend of 17½ per cent, less tax.

The 1958/59 record crop of 4,555,100 lb. was exceeded by nearly 70,000 lb. during the past year, the total harvested being 4,624,900 lb. The estimate for the current year is 4,630,000 lb., of which 1,911,200 lb. had been harvested up to August 31st.

Last year I mentioned that the world's stock of natural rubber had been encroached upon to the tune of some 50,000 tons. This trend has been continued during the first half of the present year, when actual production is estimated to have been another 50,000 tons below consumption during this period. Fortunately the stockpile releases from both the British and the USA Governmental Stocks have helped to balance the position, but it is not surprising that such a situation has caused violent fluctuations in a sensitive market. The position is now somewhat easier and it is hoped that the natural rubber price will again be competitive with the synthetic product. The report was adopted.

PRETORIA PORTLAND CEMENT COMPANY LTD.

(Incorporated in the Union of South Africa)

HIGHER SALES AND PROFITS

The Sixty-fifth Ordinary General Meeting of shareholders will be held in Johannesburg on November 24, 1960.

The following is an extract from the circulated Statement by the Chairman, Mr B. G. Twycross, dated September 6, 1960:

Owing to increased sales, the Trading Profit shows an improvement of £397,985 on the previous year. Dividend and investment income fell by £70,461 due to the inclusion last year of a non-recurring amount of £86,947.

Slurry Factory: The installation of the second dry process unit—Stage II of the programme—is progressing. It is expected that this unit will come into production early in 1961. New workshop and stores, essential to the modernising of the factory, are in course of construction.

Jupiter Factory: The new material handling and storage plant has been in operation for six months—with satisfactory results.

Portland-Blastfurnace Cement: Plans are being drawn up to increase the production of Portland-Blastfurnace Cement at our Hercules and Jupiter factories.

In addition, in collaboration with other producers of cement, consideration is being given to the establishment of a processing plant for this product in Natal.

In order to ensure adequate reserves of Gypsum, exploration work was carried out in the Brandvlei area of the Cape Province, with the result that we now have a suitable deposit under option to purchase.

During the year there have been no changes in the price of Portland Cement, but amendments to contracts with Government Departments have been negotiated.

SUBSIDIARY AND ASSOCIATED COMPANIES

Eastern Province Cement Company Limited: Sales within the Union showed a small increase compared with the preceding year. Very small tonnages have been exported but competition from overseas, coupled with unfavourable shipping rates, holds out no prospects for further development of an export market.

The additions to plant referred to in my previous Statement have been commissioned, with satisfactory results.

The Premier Portland Cement Company (Rhodesia) Limited: Our Rhodesian associate had a difficult year due to the reduced tempo of trading in the Federation. Production is ahead of demand.

Cape Portland Cement Company Limited: Sales showed an increase over the previous year and the new factory at Riebeek-Wes is operating satisfactorily.

Market Conditions: I mentioned above that this year's increased profits were due to increased sales. Owing to the enlarged productive capacity available at Slurry due to the implementation of Stage I of the programme, we have the ability to meet the rising demand for your Company's products.

Under present economic conditions, to anticipate a continuance of a rising demand during the coming year would be unrealistic.

KEPONG (MALAY) RUBBER ESTATES

The Fifty-fifth Annual General Meeting of Kepong (Malay) Rubber Estates, Limited, was held on October 27th in London, Mr J. W. A. Calver, TD, MA, presiding in the absence abroad of the Chairman, Mr L. I. Simpson.

The following are extracts from the Chairman's circulated statement:

The Trading Profits amounted to £447,592. We are able to recommend a final dividend of 22½ per cent, making 30 per cent for the year.

The crop for 1959 from Kepong Plantations was 10,369,789 lb and was up to expectations. Our total crop for the current year should be in the region of 12 million lb.

Turning to the current year's trading, the average price we have received to date is a little above the figure at the same time last year. So unless the price falls again substantially there seems no reason why we should not have another good year in 1960.

During the year we continued to produce the whole of our crops in the form of concentrated latex sold under the trade name "Lacentex." The market for this product held up well. We have decided to increase our investment in Latafoam Holdings Limited in order to expand its production of polyester and polyether foams.

During the year we replanted 1,499 acres of old seedling rubber and planted 67 acres of new land with high yielding rubber bringing our total acreage of budded or clonal rubber up to 14,491 acres. Our replanting programme for 1960 is 1,271 acres.

The report was adopted.

THE JHANZIE TEA ASSOCIATION

The eighty-third annual general meeting of The Jhanzie Tea Association, Limited, was held on October 28th in London, Mr G. A. Rainey (the chairman) presiding. The following is an extract from his circulated statement:

During the 1959 season the lower divisions of your association were unfortunate in experiencing the decline in yield which was common to many gardens in the Jorehaut district. Near-drought conditions in August on the upper divisions had an adverse effect on growth on these estates too, and it therefore is most disappointing to record that with all gardens contributing to a shortfall, the improvement in outturn shown in 1958 was not maintained, and the final figures disclose a crop of 5,018,321 lb, a regrettable decrease of 447,149 lb.

The reduced crop, coupled with a lower average price per lb in London, despite a higher average price in Calcutta, resulted in a reduction in proceeds realised of £84,108.

The total expenditure was reduced by £44,531, and the revenue profit stands at £85,700, as against £129,192 in 1958. The association's early 1960 outturn has been significantly affected by the unprecedented and crippling drought experienced throughout North-Eastern India at the end of 1959 and the early part of 1960. Latest reports indicate that growth on most divisions has returned to some semblance of normal, and it is hoped that in the second half of the season, some at least of the early shortfall will be made good.

The report was adopted and a total distribution of 7½ per cent approved.

BEKOH CONSOLIDATED RUBBER ESTATES

The Fortieth Annual General Meeting of Bekoh Consolidated Rubber Estates Limited was held on October 26th in London, Mr A. A. Estall, the chairman, presiding.

In his circulated review for the year ended March 31, 1960, the chairman reported a profit of £85,108 against £46,811 the previous year. Taxation accounted for £30,710 and replanting and upkeep of immature areas during the year took £9,445.

A final dividend of 10 per cent, less tax, was recommended, making a total of 15 per cent for the year.

The net proceeds of rubber crop was over £70,000 more than the previous year. It was hoped to produce 2,600,000 lb of rubber in the current year, 991,500 lb having been secured for the first five months.

Replanting was going ahead as planned on both Bekoh and Coronation Estates. The policy was to replant all the old seedling areas with high yielding stock.

No forward sales of the current year's crop had been made, with the exception of 120 tons of rubber for shipment 20 tons monthly July to December this year at an average price of 31½d. per lb c.i.f.

Buildings and equipment had been maintained in good condition but it was anticipated that with rising crops some enlargement of factory and smokehouse would be required on Bekoh Estate within the next two years.

The report was adopted.

HARMONY GOLD MINING COMPANY LIMITED.

(Incorporated in the Union of South Africa.)

AUTHORISED AND ISSUED CAPITAL (in 18,000,000 Shares of 5s. each) £4,500,000

Extracted from the Annual Report for the year ended 30th June, 1960.

Ore Milled 1,760,000 tons. Slime treated for Uranium Oxide 1,752,650 tons.

Gold yield		Uranium Oxide yield	
oz. fine	dwt. per ton	lbs.	lb. per ton
703,876	7·999	831,024	0·474

Pyrites concentrate recovered 33,505 tons.

			Per ton milled
Gold			
Total Working Revenue		£5,814,048	£5 0 2
Total Working Expenditure		5,678,907	3 4 6
Working Profit		3,135,141	£1 15 8
Uranium and Pyrites Produced			Per lb. of uranium sold
Revenue	£3,457,419		£4 3 3
Treatment costs	1,051,490		1 5 4
Working Profit—Uranium and Pyrites (subject to adjustment)		2,405,929	£2 17 11
Sulphuric Acid			
Working Profit		106,110	
Total Working Profit		5,647,180	
Expenses *less* Sundry Revenue		138,219	
		5,508,961	
Taxation		400	
Profit after Taxation		5,508,561	
Balance of Income and Expenditure Account at 30th June, 1959		1,052,637	
		2,250,000	£6,561,198
Dividends—Nos. 7 and 8 of 1s. 3d. per share each			
Transfer to Capital Reserve:			
Expenditure on mining assets and trade investments	2,120,575		
Repayment on account of capital portion of uranium, pyrites and other loans	878,173		
		2,998,748	
			5,248,748
Balance of Income and Expenditure Account at 30th June, 1960			£1,312,450

The full Report and Accounts may be obtained from the London Secretaries, A. MOIR & CO. LTD., 4, London Wall Buildings, London, E.C.2.

BLYVOORUITZICHT GOLD MINING COMPANY, LTD.

(Incorporated in the Union of South Africa.)

AUTHORISED CAPITAL £3,300,000
ISSUED CAPITAL (24,000,000 Shares of 2/6 each) £3,000,000

Extracted from the Annual Report for the year ended 30th June, 1960.

Ore milled 1,530,000 tons. Slime treated for Uranium Oxide 1,738,113 tons.

Gold yield		Uranium Oxide yield	
oz. fine	dwt. per ton	lb.	lb. per ton
1,003,329	13·115	640,770	0·369

			Per ton milled
Gold			
Total Working Revenue		£12,562,842	£8 4 3
Total Working Expenditure		4,964,074	3 4 11
Working Profit		7,598,768	£4 19 4
Uranium			Per lb. sold
Working revenue	£2,687,992		£4 3 11
Treatment costs	1,002,881		1 11 4
Working Profit		1,685,111	£2 12 7
Sulphuric Acid			
Working revenue	£418,725		
Working costs	254,993		
Working Profit		163,732	
Total Working Profit		9,447,611	
Sundry Revenue *less* Expenses		259,529	
		9,707,140	
Taxation (£4,107,876) and Mineral Lease Consideration (£1,016,866)		5,124,742	
Profit after Taxation and Mineral Lease Consideration		4,582,398	
Balance of Income and Expenditure Account at 30th June, 1959		2,990,986	
			£7,573,384
Dividends declared—No. 28 of 1s. 2d. and No. 29 of 1s. 3d. per share		2,900,000	
Transfers to Capital Reserve:			
Repayment on account of capital portion of uranium and acid loans	£535,333		
Net expenditure on mining assets *less* realisation of investments	1,089,831		
		1,625,164	
			4,525,164
Balance of Income and Expenditure Account at 30th June, 1960			£3,048,220

The full Report and Accounts may be obtained from the London Secretaries, A. MOIR & CO. LTD., 4, London Wall Buildings, London, E.C.2.

SEAPORT (SELANGOR) RUBBER ESTATE

MR J. A. CLUBB'S STATEMENT

The annual general meeting of Seaport (Selangor) Rubber Estate, Limited, will be held on November 24th in London.

The following is an extract from the statement of the chairman, Mr J. A. Clubb, circulated with the report and accounts for the year ended June 30, 1960:

Our crop of 864,000 lb slightly exceeded the estimate but was nevertheless 44,000 lb less than that harvested in 1958-59 due to the anticipated lower returns from pre-war selected rubber and from old rubber under Mining Lease. The net profit after taxation was £34,652 compared with £27,224 for the previous year. From the balance available £10,670 has been transferred to Capital General Reserve and £3,622 to Replacement of Planted Areas Reserve. A dividend of 20 per cent less tax is recommended.

Field conditions throughout the estate are reported by our Visiting Agent to have been maintained at the usual high standard. Our valuable immature areas, including 52 acres replanted in 1959, are also reported to be developing satisfactorily. It is a disappointment that our application to the Selangor State Government for reconversion to agricultural title of 300 acres at present held under Mining Lease has not been approved. Certain development schemes by the Selangor State Government are under consideration and until these have been finalised we cannot say what may be the fate of our application for reconversion. No further mining was carried out on the estate by Petaling Tin.

The crop for the current year is estimated at 911,000 lb. For the three months to September 262,000 lb have been harvested. Present indications are that although rubber prices in the immediate future may be at somewhat lower levels than have ruled in recent months, results for the current year should be satisfactory.

HOLDERS INVESTMENT TRUST LIMITED

RECORD GROUP PROFIT

MR LIONEL BARBER'S STATEMENT

The twenty-seventh annual general meeting of Holders Investment Trust Limited will be held on November 24th in London. The following is the statement by Mr Lionel Barber, FCA (Chairman), circulated with the report and accounts for the year ended July 31, 1960:

The net profit of the Group before taxation for the year ended July 31, 1960, was £1,907,541, which I am pleased to say is a record figure, exceeding as it does the previous best in the year to July 31, 1958, by £67,966, and of course compares with the net profit of £1,298,599 for last year. The net earnings after providing for taxation amounted to £979,418, an increase over the previous year of £247,657. During the year the Trust sold certain of its investments on which a surplus of £26,603 was realised, whilst quoted investments still on hand show a market appreciation of £32,879 over book value.

I am pleased to say that the turnover of William Hill (Football) Limited and William Hill (Glasgow) Limited showed an increase over that of the previous year of approximately 8 per cent, and this together with a slightly higher rate of gross profit are the main factors for the increase in profits.

Our Subsidiary in Northern Ireland, debretta limited, had a further satisfactory trading year, and now that the proposals to which I referred last year to provide greater production capacity are almost completed there is every hope that this Subsidiary will provide a larger contribution to the Trust's profits in the current year.

NEW BUILDING

Last May your Company entered into an Agreement with Hill House (London) Limited, as Freeholders, for the grant of a lease of a site in Blackfriars Road, London, S.E.1, for a period of 150 years from December 25, 1959, at a rental of £12,500 per annum, commencing from December 25, 1961, and undertook to erect an office building thereon in conformity with plans already approved, at a cost of not less than £600,000. I should tell you that I am a Director of Hill House (London) Limited and also a shareholder of that Company in the capacity of a Trustee. Mr A. G. Fletcher is also a Director and beneficially owns 10 per cent of the Issued Share Capital. In these circumstances your Company took the advice of Messrs Jones, Lang, Wootton & Sons as to the terms on which such a lease should be taken, and this advice has been followed. An Artist's impression of the new building which is in course of erection, together with other relevant information, is presented with the Report and Accounts. It is proposed that William Hill (Football) Limited move from the four premises which they now occupy to this new building, which should be available for their occupation by the end of June, 1961. It is also proposed that the business carried on by William Hill (Park Lane) Limited, a Company in which your Trust has at present no interest whatever, should also carry on their business there, which will leave only a small area available for further sub-letting and expansion. When the necessary letting arrangements are concluded I propose that your Trust's leasehold interest therein be valued, and to the extent of that valuation or thereabouts I intend to negotiate with the holders of the 5 per cent Redeemable Preference Share Capital for the terms of the issue of those shares to be varied and replaced by irredeemable preference shares at an appropriate increase in the rate of interest thereon. To that extent your Trust Company will not therefore be called upon to redeem Preference Share Capital, as is the case at present, the redemption dates being between July 31, 1959, and July 31, 1971.

As will be seen from the Accounts, the liability to the vendors of William Hill (Football) Limited has been settled in full.

PROPOSED ACQUISITION

It is also proposed, and full details will be placed before you in due course, to acquire the whole of the Issued Share Capital of William Hill (Park Lane) Limited, but before this is done certain hiving off operations are necessary which it may take some little time to negotiate. In these circumstances it is not possible at the present time to indicate the price at which William Hill (Park Lane) Limited can be acquired, but the acquisition of that Company will, I am certain, be greatly to the advantage of your Trust.

The Consolidated Balance Sheet discloses current assets amounting to £3,220,493, of which £1,150,000 is in Tax Reserve Certificates provided on account of the liabilities to income tax due on January 1, 1961, and January 1, 1962. You will appreciate that in this regard our reserves for taxation are well in advance of profits yet to be earned.

There is one other matter to which I might make reference and that is to a small Company known as Holdman's Mail Order Limited, which in conjunction with the Chairman of debretta limited was formed during the year. As yet little has been done with this Company, but it is available for mail order selling when required.

In conclusion, it is with pleasure that I thank on your behalf all employees in the group for their efficient and loyal service.

MONTAGUE L. MEYER LIMITED

INCREASED TURNOVER AND PROFIT

EXCELLENT START TO CURRENT YEAR

The annual general meeting of Montague L. Meyer Limited was held on October 26th in London, Mr John M. Meyer (vice-chairman) presiding.

The following is the chairman's circulated statement:

This has been a good year for the Group. First, our net profit of £530,665 before taxation is nearly treble that of the previous year. This is mainly due to an increase in both turnover and percentage of profit in the major commodities in which we deal.

Secondly, we have made a capital profit of £68,010, most of which arises from the sale of our Head Office. As however this was revalued two years ago the actual profit over the original cost is £177,275. For some time we have thought that we could increase our efficiency by moving into more modern premises, where our trading departments could be together instead of scattered through three seventeenth and eighteenth century houses. We have now taken a lease of premises nearby in Villiers House in the Strand.

Thirdly, I reported to you last year that the Special Commissioners of Income Tax had disallowed tax relief amounting to about £190,000 in respect of certain overseas trading losses and, although we were appealing to the High Court against this decision, the amount in question had been written off. Since then, as a result of a House of Lords judgment in another case, the Inland Revenue have stated that they will not defend the decision of the Special Commissioners, except on one point relating to a small part of the loss. No credit for this repayment has been included in the accounts before you as the amount has not yet been precisely ascertained, but it will be in the region of the figure that was written off in last year's accounts.

DIVIDENDS

The Ordinary Dividend which we propose will bring the total for the year to 10 per cent, as I forecast in my last Statement. This compares with an effective equivalent of 7½ per cent last year. In addition we are proposing a Capital Dividend of 2½ per cent which is not subject to tax. The capital profits available are approximately £250,000 and will therefore permit such a distribution for a number of years to come.

The Ordinary Dividend is covered more than four times. However we have not obtained

any new outside capital since 1946 and the very considerable expansion of the Group over the last fourteen years has been carried out entirely from internal resources and bank loans. As we are already proposing substantially increased Dividends, we think it proper to use the rest of the profits to strengthen our financial position.

THE CURRENT YEAR

The present year has started excellently. The first six months' trading shows a marked improvement over the same period last year and if all continues to go well the full year's trading profits should be higher than those under review, but it is impossible to make an accurate forecast for two reasons.

First, the import of wood goods this year will be the highest since the war, so that stocks in this country at the end of the year will be greater than hitherto and competition could become more severe.

Secondly, and this is more important, there is considerable congestion in all the major ports in the country; some ships are having to wait several weeks in order to obtain a berth and, even when they have achieved this, there is often insufficient labour, barges, and railway wagons available to discharge them at their normal rate. We only see this from the timber trade point of view, but it affects every imported commodity and is a serious matter of national importance which the authorities must take drastic steps to remedy.

The report and accounts were adopted.

BRITISH OVERSEAS STORES, LIMITED

IMPROVED RESULTS

The Thirty-ninth Annual General Meeting of British Overseas Stores Limited was held on October 27th in London, Mr R. J. Blackadder, MC, CA, the chairman, presiding.

The following is an extract from his circulated Review for the year ended March 31, 1960:

The Accounts while showing some improvement still fall short of expectations, although with the exception of our main Jamaican Subsidiaries and our retail establishments in South Africa, all our interests show an improvement.

The Accounts show a net profit, subject to taxation, of £121,189, compared with £100,701, an increase of £20,488, but the increase in the provision for taxation from £53,347 to £68,369 reduces the consolidated profit to £52,820, compared with £47,354.

I am pleased to report further progress in British Honduras.

In Portuguese East Africa and the Federation of Rhodesia and Nyasaland the year under review has shown a considerable improvement.

In New Zealand, Kirkcaldie & Stains has maintained its figures, and there is every indication that a new record will be achieved during the current year.

Both our London Subsidiaries had a successful year. The progress attained last year should be repeated and even improved upon during the current year.

The report and accounts were adopted.

GUEST, KEEN & NETTLEFOLDS, LTD.

The Board of Guest, Keen & Nettlefolds, Limited make the following announcement:—

RIGHTS ISSUE

A rights issue is to be made to Ordinary Stockholders at the rate of one new Ordinary Share of £1 for each £6 Ordinary Stock held at the close of business on November 3, 1960. The total number of shares to be issued will be 6,582,011 at a price of 70s. each (of which 30s. is payable on or before December 15, 1960 and the balance on or before February 1, 1961), so that proceeds, after expenses, will amount to (approx.) £22.6 millions.

In the Board's view the annual rate of capital expenditure in the G.K.N. Group is unlikely, during at least the next three years, to fall below the level attained in 1959 of £18 millions. Whilst the profits retained (including depreciation) in 1959 provided over £17 millions towards this expenditure, the liquid resources nevertheless fell during that year by about £5 millions to £15 millions owing to the pressure of increased turnover on the Group's working capital.

The plans for the continued expansion of the Group, evidenced by the scale of capital expenditure referred to above, and the consequent necessity for increased working capital, may be expected to result in the liquid resources being increasingly depleted as these plans mature. Furthermore, apart from planned developments there arise from time to time new opportunities for investment and expansion of which immediate advantage can only be taken if adequate financial resources are in hand at the time.

The Board has, therefore, decided that it would be unwise to delay the introduction of new finance and as it is not its policy to come frequently to the market it is proposed to raise a large sum now which it is hoped will be sufficient to carry through the next few years.

Provisional Letters of Allotment will be posted on November 26, 1960. No application forms for additional shares will be issued and any new shares not taken up, which can be sold at a premium, will be so sold and the net proceeds, after deduction of expenses and of the sum payable on acceptance, will be distributed to those Stockholders to whom the new shares were provisionally allotted. Morgan Grenfell & Co. Ltd. have underwritten the issue.

ORDINARY DIVIDENDS

The Board has declared an interim Ordinary dividend of 5 per cent, less tax, from the trading profits of 1960 and, in addition, a special non-recurring dividend of 2½ per cent, not subject to taxation, from profits realised during 1960 by a continuance of the policy of reducing the portfolio of investments referred to in the Chairman's Statement accompanying the 1959 accounts.

Both these dividends will be payable on December 31, 1960 on the existing Ordinary Stock. The new Ordinary Shares will not rank for these payments but will participate *pari passu* with the existing Ordinary Stock in the final dividend to be declared at the Annual General Meeting of the Company in June 1961. The Board intends to recommend in due course that this final dividend shall be at the rate of £10 per cent, less tax, payable on the increased Capital.

PROFITS

It seems probable, from the information now available to the Board, that the surplus for 1960, before taxation, (excluding the special surplus on sale of investments referred to above and other exceptional items) will not be less than £29 millions, which compares with £25.8 millions in 1959. But the increase arises largely from the exceptionally high rate of activity at most of the Works reported to the last Annual General Meeting and it would not be reasonable to expect this level to be maintained. On the other hand benefit should be obtained progressively during the next few years from the various schemes of modernisation and expansion coming into profitable operation.

PREFERENCE DIVIDENDS

Preference Dividends for the half-year ending December 31, 1960 have been declared as follows:—

(a) On the First and Second Preference Stock at the rate of 5 per cent per annum, free of tax.

(b) On the Third Preference Stock at the rate of 4½ per cent per annum, less tax.

DIVIDEND WARRANTS

All dividend warrants will be posted on December 30, 1960 to Stockholders registered in the books of the Company at the close of business on November 3, 1960.

SECOND BROADMOUNT TRUST LIMITED

INCREASE OF EARNINGS AND DIVIDEND

The thirty-second annual general meeting was held recently in London. The following are extracts from the remarks of the Chairman, Mr E. B. Montesole, JP, at the meeting.

Gross receipts show an increase from £58,166 to £66,441, and after deducting expenses and taxation and certain non-recurring items, net revenue is £37,483 compared with £31,690. Dividends totalling 29½ per cent on the increased ordinary share capital are recommended.

A valuation of the investments at September 14, 1960, amounted to £1,610,649, compared with a book value of £443,377; the character and class of these remain as before and consist mainly of selected equities. We have no African investments at present. Securities are now 591 in number.

We are proposing to make an issue of ordinary shares in the proportion of one to eleven. Your directors are of opinion that revenue for the current period should be reasonably maintained and they anticipate that unless some unforeseen circumstances affect the present flow of income it will be possible to provide for a dividend of 29½ per cent or 3½d. per 1s. share on the increased ordinary capital.

The report, etc., was adopted and the resolution enlarging the ordinary capital duly passed.

LONDON AND NEW

Prices, 1960 High	Prices, 1960 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 26, 1960	Price, Nov. 2, 1960	Net Yield, Nov. 2, 1960 § £ s. d.	Gross Yield, Nov. 2, 1960 £ s. d.
92 15/16	87 9/16	Savings Bonds 3% 1955–65	89 13/32	89 13/32	4 3 4	5 9 4/
99 3/32	97 7/8	Funding 2 1/2% 1956–61	99 1/16	99 3/32	3 3 11	4 5 11/
100 31/32	97 19/32	Conversion 4 1/2% 1962	98 7/8	98 31/32	3 10 3	5 11 5
96 1/8	92 15/16	Exchequer 3% 1962–63	93 11/16	93 11/32	4 2 2	5 10 2/
99 31/32	98 31/32	Treasury 5 1/2% 1962	99 11/16	99 31/32	3 8 5	5 10 7
93 1/16	89 1/4	Exchequer 2 1/2% 1963–64	91 11/32	91 3/8	4 2 5	5 2 8/
101 5/32	96 11/32	Conversion 4 1/4% 1963	97 11/16	97 29/32	3 9 3	5 12 4
99 31/32	94 31/32	Conversion 4 1/2% 1964	95 31/32	95 15/16	4 0 6	5 16 0
85 7/16	80 1/4	Funding 3% 1959–69	81 1/8	81 5/16	4 10 10	5 17 3/
93 1/2	86 15/16	Funding 4% 1960–90	87 7/16	87 5/16	3 2 3	4 16 3/
82 1/8	78	Savings Bonds 3% 1960–70	78 9/16	78 9/16	4 12 5	5 19 10/
85 11/16	81 1/4	Savings Bonds 3 1/2% 1964–67	82 9/16	82 5/8	4 13 5	5 15 1/
77	70 1/2	Savings Bonds 3% 1965–75	71 11/16	71 5/8	4 10 7	5 19 8/
104 13/16	97 7/16	Exchequer 5 1/2% 1966	99 1/4	99 5/16	3 12 2	5 16 4
85 7/16	80 5/8	Funding 3% 1966–68	82 5/8	82 5/8	4 12 3	5 19 4/
96 1/2	91 1/4	Victory 4% 1920–76	93 3/4	93 3/4	3 7 7	5 1 1±
89 11/16	83 3/16	Conversion 3 1/2% 1969	84 7/16	84 9/16	4 8 9	5 19 6
90	90 15/16	Conversion 5% 1971	92 1/16	92 1/8	4 1 9	6 4 3
101 7/16	94 1/16	Conversion 5 1/4% 1974	94 5/16	94 5/16	3 17 6	6 1 10
78 1/8	71 5/8	Treasury 3 1/2% 1977–80	73 1/16	73	4 5 0	5 19 6/
78 1/8	70 1/2	Treasury 3 1/2% 1979–81	72 1/16	72	4 5 0	5 19 3/
103 1/2	95 7/16	Funding 5 1/2% 1982–84	96 1/8	96 1/4	3 13 6	5 18 8/
66 1/4	58 1/4	Redemption 3% 1986–96	60 1/4	60 1/8	3 18 7	5 12 3/
97 1/4	85 3/8	Treasury 5% 1986–89	87 1/4	87 3/8	3 15 11	5 18 9/
71 3/8	63 15/16	Funding 3 1/2% 1999–2004	65 7/16	65 1/2	3 16 0	5 14 6/
95 3/8	95	Treasury 3 1/2% 2008–12	95 3/16	95 3/8	3 11 7	5 16 3/
73 1/16	66 9/16	Consols 4% ..... after Feb. 1957	68 3/4	68 3/4	3 11 11	5 18 2/
65 3/4	60	War Loan 3 1/2% ..... after 1952	60 3/4*	60 5/8*	3 10 6	5 15 0/
65 1/2	58 1/2	Conv. 3 1/2% ..... after Apr. 1961	60 7/16	60 7/16	3 11 6	5 16 11/
56 3/4	51	Treasury 3% ..... after Apr. 1966	52 1/4	52 1/8	3 10 8	5 15 8/
49 3/4	43 7/8	Consols 2 1/2%	45 15/16	46 1/16	3 6 8	5 9 0/
48 1/2	43	Treasury 2 1/2% ..... after Apr. 1975	44 1/2	44 3/8	3 9 3	5 13 3/
97 1/2	89 1/2	British Electric 4 1/2% 1967–69	90 11/16	90 13/16	4 1 7	5 19 10/
79 9/16	73 7/8	British Electric 3% 1968–73	74 1/4	74 3/16	4 12 3	6 0 3/
76 1/8	68 15/16	British Electric 3% 1974–77	70 3/16	70 3/16	4 8 10	5 18 2/
90 1/2	81	British Electric 4 1/4% 1974–79	81 3/4	81 3/4	4 0 3	5 18 2/
79 1/2	72 1/4	British Electric 3 1/2% 1976–79	72 11/16*	72 5/8*	4 5 1	5 18 2/
90 5/8	83	British Gas 4% 1969–72	83 7/16	83 7/16	4 6 6	6 2 2/
86 7/8	79 11/16	British Gas 3 1/2% 1969–71	80 5/8	80 3/4	4 8 9	6 0 2/
67 5/16	58 15/16	British Gas 3% 1990–95	60 7/16*	60 5/8	3 19 2	5 12 5/
79 9/16	73 7/8	British Transport 3% 1968–73	74 1/16	74 3/16	4 12 3	6 0 3/
86 1/2	79 3/4	British Transport 4% 1972–77	80 5/16	80 5/16	4 2 10	5 19 11/
67 5/8	59 7/8	British Transport 3% 1978–88	62 5/16	62 1/4	4 3 11	5 16 10/

Prices, 1960 High	Prices, 1960 Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 26, 1960	Price, Nov. 2, 1960	Yield, Nov. 2, 1960 £ s. d.
83	78 1/2	Australia 3 1/4% 1965–69	80 3/4	81	6 2 0/
107 1/2	100	Australia 6% 1974–76	100 1/2	100 1/2	5 18 0e
73 1/4	67	Ceylon 4% 1943–75	73 1/4	73 1/4	6 19 0/
107 5/8	97 3/4	New Zealand 6% 1976–80	101 1/4	101 1/2	5 18 0e
96 1/4	85 1/2	Rhodesia and Nyasaland 6% 1978–81	86 1/4	86 1/4	7 19 0/
85 3/4	79	South Africa 3 1/2% 1945–67	81 1/2	81 1/2	7 1 0/
80 1/2	60 1/2	Southern Rhodesia 4 1/2% 1987–92	61	61	7 19 0/
101 5/8	93 1/4	Agricultural Mortgage 5 1/2% 1980–85	94 1/4	94 1/2	6 1 2/
92 3/4	86 1/4	Birmingham 4 1/4% 1967–70	88	88 1/4	6 0 0/
99 1/4	90 1/2	Bristol 5% 1971–73	92 1/4	92 1/2	6 0 0/
100	92	Corporation of London 5 1/2% 1976–79	92*	92 1/4*	5 17 0/
53 3/4	49	L.C.C. 3% ..... after 1920	50 1/2	50 3/8*	5 17 0/
97 1/4	86 7/8	L.C.C. 5% 1980–83	88 1/2	89 1/4	5 17 0/
100	89 3/4	Middlesex 5 1/2% 1980	93 1/2	92 1/4	5 17 0/

NEW YORK PRICES AND INDICES

	Oct. 26 $	Nov. 2 $		Oct. 26 $	Nov. 2 $		Oct. 26 $	Nov. 2 $
Atch. Topeka	21 1/8	21 3/8	Boeing	29 7/8	33 1/2	Int. Harvester ..	40 3/8	41
Can. Pacific	21 1/4	21 1/2	Celanese	22	22 3/8	Inter. Nickel	49 1/2	52
Pennsylvania	10 1/4	10 5/8	Chrysler	41 1/8	43	Inter. Paper	91 1/2	94 5/8
Union Pacific	25 3/8	26 5/8	Col. Palmolive ..	28 1/4	27 1/8	Kennecott	72 3/8	76
Amer. Electric ..	53 1/4	55 1/4	Crown Zeller..	42 3/8	44 1/2	Monsanto	37 5/8	40 5/8
Am. Tel. & Tel. .	90 1/4	91 3/4	Distillers Seag. .	28 5/8	29 7/8	Nat. Distillers ..	25 1/2	25 3/4
Cons. Edison	63	63 1/4	Douglas	27 1/2	30 1/2	Pan-American ..	17 1/4	17
Int. Tel. & Tel...	37 1/2	39	Dow Chemical .	71 7/8	73 1/4	Procter Gamble	123 3/4	129 1/2
Standard Gas....	47/8	48/8	Du Pont	181 7/8	183 1/4	Radio Corpn. ..	49 1/4	51 7/8
United Corpn. ..	7 3/8	7 5/8	East. Kodak	100 5/8	104 1/2	Sears Roebuck .	51 3/8	52 1/4
Western Union..	42 3/8	39 7/8	Ford Motor	65	64 3/4	Shell Oil	37 1/2	38 7/8
Alcoa	62 1/2	65 1/8	Gen. Electric...	72 3/8	74 3/4	Socony-Mobil ...	38 3/8*	38
Aluminium	29 1/2	29 3/4	General Foods .	63 1/4	64	Stand. Oil Ind...	39 3/8	43
Amer. Can.....	32 3/4	32 5/8	General Motors	42	42 3/4	Stand. Oil N.J....	39 3/4	40 3/8
Am. Smelting ...	49 1/8	50 1/2	Goodyear	34 1/4	37	Union Carbide .	108 3/8	116
Am. Viscose	36 1/2	36 3/8	Gulf Oil	28	29 3/8	U.S. Steel	72 3/8	73 7/8
Anaconda	42 1/2	42 7/8	Heinz	112	117	West. Electric. .	46 1/2	47 3/4*
Beth. Steel.....	40 3/8	40 1/4*	Int. Bus. Mach..	507 1/2	520	Woolworth	66 1/8	66 3/4

Standard and Poor's Indices (1941–43=10)

1960	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 5	56·52	3·52	27·58	6·22	47·11	3·93	91·24	3·77
" 12	57·34	3·47	27·75	6·18	47·79	3·87	90·28	3·86
" 19	57·46	3·46	27·95	6·14	47·74	3·88	89·96	3·89
" 26	56·18	3·54	27·62	6·19	46·71	3·96	90·17	3·87
Nov. 2	57·51	3·50	28·30	5·94	47·08	3·93	90·81	3·81

425 Industrials:—High, 65·02 (Jan. 5); Low, 55·34 (Oct. 25).

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 26, 1960	Price, Nov. 2, 1960	Yield, Nov. 2, 1960	Cover
		%	%					
				BANKS, DISCOUNT & HP				
42/3	30/6	7 1/2 b	2 1/2 a	Alexanders £1	35/3	35/9	5·59	...
53/-	41/-	6 b	4 a	Bk. Lond. & S. Amer. £1	44/9	45/-	4·44	...
39 1/4	30 1/4	9 c	9 c	Bk. New S. Wales ... £20	31	30 1/4*	4·76g	...
67/3	52/3	5 b	6 a	Barclays ..... † £1	66/6	67/3	3·27	...
49/6	34/3	5 b	4 a	Barclays D.C.O. £1	35/-	34/6	5·22	...
58/2 1/4	45/10 1/2	7 1/4 b	8 a	Chartered £1	50/-‖	50/3	5·97**	...
83/7 1/2	65/6	7 b	7 a	District £1	75/6	75/9	3·70	...
38/6	28/6	4 a	5 b	Eng., Scott. & Aust. ... £1	28/6	28/6	6·32	...
£69 1/2	£59 3/4	37/6 b	25/- a	Hongk'g. & Shang. . $125	£67 1/2	£69 1/4	4·51	...
73/3	57/3	7 b	6 a	Lloyds £1	73/3	72/3	3·60	...
23/4 1/2	16/4 1/2	8 b	7 a	Martins 5/-	19/9	19/3	3·51**	...
95/-	80/-	9 1/2 b	8 1/2 a	Midland £1	92/6	92/3	3·90	...
60/6	48/-	...	7 1/2 a	Nat. Com. Bk. Scot. 10/-	59/3	60/6	2·48**	...
59/9	45/-	8 1/4 b	6 1/4 a	Nat. Discount 'B' £1	48/6	50/3	5·97	...
92/-	72/6	7 b	7 a	Nat. Provincial £1	86/6	87/9	3·19	...
96/-	77/3	9 b	8 1/2 a	Royal Bk. of Scotland . £1	92/9	96/-	3·65	...
51/6	35/7 1/2	5 a	9 b	Stand. Bk. S. Africa ... £1	36/6	36/6	7·67	...
62/3	47/3	6 1/4 b	6 1/4 a	Union Discount £1	57/-	57/9	4·33	...
63/3	50/-	5 3/4 b	5 5/12a	Westminster 'B' £1	61/3	61/-	3·74	...
£213 3/8	£181 15/16	$1·85c	$2·05c	Bank of Montreal ... $10	£193 3/8	£191 15/16*	3·79	...
£30 15/16	£23 5/16	$2·32 1/2c	$2·37 1/2c	Royal Bk. Canada ... $10	£24 1/4	£24 11/16*	3·51	...
31/6	22/11 1/2	13 1/2 b	5 a	Bowmaker 5/-	27/7 1/2	25/4 1/2	3·61	1 1/2
33/7 1/2	20/6	9 1/2 b	9 1/2 a	Lombard Banking ... 5/-	22/6	20/9	4·58	3 1/4
29/3	20/6	10 b	5 a	Mercantile Credit ... 5/-	24/-	23/9	3·16	2 1/4
9 3/8	7 1/16	4 a	2 2 1/2 b	United Domins. Tst. ... £1	9 1/8	9 1/2	2·79	2 1/2
				BREWERIES, Etc.				
27/10 1/2	22/3	19 1/4 c	7 1/2 a	Bass 5/-	23/6	23/-	4·35**	2
45/10 1/2	33/3	5 a	10 b	Distillers 10/-	43/3	43/-	3·49	2 1/4
16/9	12/-	6 b	3 1/2 a	Flowers 5/-	14/-	14/-	3·57**	2 1/4
70/-	58/3	18 b	10 a	Guinness 10/-	65/-	66/6	4·21	1 3/4
21/9	18/9	11 1/2 b	5 a	Ind Coope 5/-	21/3	21/11 1/2	3·91	1 3/4
38/6	31/-	7 1/2 b	5 a	Teacher (Distillers) . 10/-	36/6	36/6	3·42	3 1/4
86/3	70/-	11 1/4 b	6 a	Watney Mann £1	82/6	82/6	4·18	2
135/6	104/4 1/2	17 b	8 a	Whitbread 'A' £1	120/-	121/-	4·13	1 3/4
				BUILDING, PAINT, Etc.				
81/6	61/9	7 b	4 a	Associated Portland ... £1	72/6	71/9*	3·07	3 1/4
30/4 1/2	23/11 1/2	4 a	7 1/4 b	British Plaster Bd. ... 10/-	24/4 1/2	24/7 1/2	4·57	2 1/4
96/3	75/7 1/2	10 b	6 a	Richard Costain £1	86/6	84/-*	3·81	3
14/8 1/4	10/4 1/2	5 a	10 b	Crittall Mfg. 5/-	11/-	10/9	6·98	2 1/2
18/-	12/9	6 a	14 b	International Paints .. 4/-	15/3	15/3	5·25	2
100/3	77/-	11 1/2 b	5 a	London Brick £1	94/11 1/2	94/11 1/2	3·44	1 3/4
47/9	33/10 1/2	21 7/8 c	21 7/8 c	Rugby Portland 5/-	43/-	44/-	2·49	3
36/-	26/6	12 1/2 b	7 1/2 a	Taylor Woodrow 5/-	27/6	27/6	3·64	2
156/-	122/6	7 1/2 a	17 1/2 b	Wall Paper Deld. £1	151/6	153/6*	3·26	3 1/4
				CHEMICAL				
34/3	25/9	13 1/2 b	6 a	Albright & Wilson ... 5/-	27/6	27/6	3·55	2 3/4
22/4 1/2	16/3	7 1/2b	3 a	Borax Deld. 5/-	16/3	16/7 1/2	3·03	2 3/4
56/6	46/10 1/2	4 a	7 b	Fisons £1	52/9	51/-	4·31	1 3/4
75/3	54/3	7 1/2 b	6 1/4 a	I.C.I. £1	71/10 1/2	72/3	3·11**	2 1/4
31/-	23/-	10 b	5 a	Monsanto 5/-	30/9	30/9	2·44	3
				DRAPERY & STORES				
71/-	46/-	20 c	7 1/2 a	Montague Burton ... 10/-	70/9	70/-	2·86	2
56/3	41/3	5 3/4 a	13 1/2 b	Debenhams 10/-	53/7 1/2*	56/3	3·75**	1 3/4
55/4 1/2	45/11 1/2	7 1/2 a	30 b	G.U.S. 'A' 5/-	53/-	53/3	3·52	2
54/6	39/6	25 b	20 a	House of Fraser 5/-	52/9	54/6*	4·13	1 1/2
31/-	21/-	11 b	7 1/2 a	Lewis's Invest. Tst. ... 4/-	30/4 1/2	30/9	2 21**	2 1/4
101/3	68/9	12 1/2 a	27 1/2 b	Marks & Spencer 'A' . 5/-	96/9	100/6	1·99	1 1/2
56/-	44/6	25 b	15 a	United Drapery 5/-	55/3*	56/-	3·57	2
85 10 1/2	60/-	31 1/2 b	15 a	Woolworth 5/-	84/9	85/9	2 92**	1 1/2
				ELECTRICAL & RADIO				
66/6	42/3	15 c	5 a	A.E.I. £1	46/-	46/-	6·52	1 1/4
61/-	48/7 1/2	4 a	9 1/2 b	B.I.C.C. £1	50/-	48/7 1/2	5·55	2
15/-	10/9	5 a	7 1/2 b	Crompton Parkinson . 5/-	11/7 1/2	11/11 1/2	5·62	2 1/4
56 10 1/2	45/6	7 1/2 a	15 5/8 b	Decca Record 10/-	49/-*	49/-	4·76	2
58/9	43/9	5 c	12 1/2 b	E.M.I. 10/-	44/6	44/-*	3·98	2 1/2
53/-	32/-	7 b	3 a	English Electric £1	35/-	34/6	5·80	2
47/6	33/-	3 a	7 b	General Electric £1	35/-	34/-	5·88	2
59/-	44/-	5 b	4 3/8 a	C. A. Parsons £1	47/-	46/6	4·03	4
19/9	13 10 1/2	12 1/2 c	15 c	Pye 5/-	15 10 1/2	15/4 1/2	4·88	2 1/2
52/3	34/7 1/2	5 1/2 b	3 1/4 a	A. Reyrolle £1	36/9	35/3	4·96	2 1/4
55/9	44/3	20 c	25 c	Thorn Electrical 5/-	49/3	46/9	2·67	4 1/4
				ENGINEERING				
48/9	32/6	4 1/2 b	4 1/2 a	Babcock & Wilcox £1	33/3*	34/9	5·18	3/4
54/-	40/3	4 a	7 b	John Brown £1	44/3	44/-	5·00	2 1/2
10/6	6/4 1/2	4 b	3 a	Cammell Laird 5/-	6/7 1/2	6/6	5·38 ‖	1 1/2
46/9	22/9	20 b	10 a	Internat. Combust. .. 5/-	25/3	25/9	5·83	2 3/4
14/9	7/7 1/2	3 1/2 a	5 b	Rich'ds'ns. Westg'th. 10/-	7/9	7/7 1/2	10·92	3/4
39/9	26/6	7 1/2 b	2 1/2 a	Swan Hunter £1	28/3	26/9	7·48	2 3/4
25/9	16/09 1/4	12 1/2 b	5 a	John Thompson 5/-	16/3 1/4	16/09 1/4	5·45	1
39/-	29/4 1/2	7 1/2 b	7 1/2 b	Vickers £1	30/3	30/-	6·67	1 1/4
29/3	21/-	† 9 3/8 b	† 7 1/8 a	Coventry Gauge 10/-	21/4 1/2	21/-	4·87	2
61/3	48/-	15 b	† 12 1/2 a	Alfred Herbert £1	57/-	55/9	4·39	1 1/2
77/6	61/9	7 1/2 a	12 1/2 b	Allied Ironfounders... £1	71/-	70/6	5·67	2
93/6	56/-	10 b	5 a	Averys £1	88/-	91/-	3·30	2 3/4
87/6	55/3	12 1/2 c	6 a	B.S.A. £1	82/10	87/-	3·68**	2 1/4
19/-	13/4 1/2	4 1/2 a	8 1/2 b	George Cohen 5/-	14/-	14/3	4·56	2 1/2
146/3	100/6	15 c	22 1/2 c	Davy-Ashmore £1	144/9	142/9	3·50**	...
101/3	79/-	10 b	5 a	Guest Keen £1	93/9	91/3	3·29	3 1/4
31/6	20/-	4 a	10 b	Head Wrightson 5/-	21/9	24/6	2·86	3 1/2
83/-	55/8 1/4	3·6d	7·3b	Metal Box £1	80/6	79/9	2·73	2 3/4
28/9	22/9	12 1/2 b	6 a	Ransome & Marles ... 5/-	27/-	25/9	3·59	3 1/4
45/-	36/3	2 a	8 b	Renold Chains £1	37/6	36/9	5·44	1 3/4
40/-	25/-	8 c	9 c	Ruston & Hornsby £1	27/9	27/3	6·61	1 3/4
88/-	65/3	4 1/4 a	9 3/4 b	Tube Investments £1	85/6	83/3	3·36	2 1/4
86/-	67/6	21 1/2 a	11 1/4 b	Ward (Thos. W.) £1	74/-	72/-*	3·82	3 1/4
44/6	28/-	5 a	20 b	Woodall-Duckham ... 5/-	28/9	28/-	4·46	2 1/4

* Ex dividend. † Tax free. ‡ Assumed average life 8 1/4 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) Excludes special payment of 2 1/2% tax free. (l) To latest date.

YORK STOCKS

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a)	Last Two Dividends (b)	ORDINARY STOCKS	Price, Oct. 26, 1960	Price, Nov. 2, 1960	Yield, Nov. 2, 1960	Cover
		%	%	**FOOD & TOBACCO**				
34/3	25/6	10 c	12½ c	Allied Suppliers ... 10/-	33/-	34/3	3·65	2
41/3	33/6	18½ c	21 c	Assoc. British Foods .. 5/-	38/9	38/6	2·73	2½
58/4½	47/6	2½ a	3½ b	Bovril Defd. £1	55/9	55/9	4·30	2¾
17/3	12/6	†2½ a	4½ b	Brooke Bond 'B' 5/-	14/10½	14/3*	3·81	3½
17/9	10/3	2½ a	10 b	International Tea 5/-	17/-	17/-	3·68	1¾
88/3	70/9	5 a	10½ b	J. Lyons 'A' £1	87/3	88/3	3·59	2
28/3	23/3¾	7½ b	5 a	Ranks 10/-	24/9	24/9	5·05	2¼
48/9	39/6	7½ b	2½ a	Spillers £1	42/9*	42/6	4·71	2¼
62/-	53/6	9 b	3 a	Tate & Lyle £1	54/-	53/6	4·49	2¼
24/3	15/3	5 a	9 b	Unigate 5/-	22/6	22/7½	3·09	1¾
72/6	55/-	†20 c	†11½ a	Brit. Amer. Tobac. ... 10/-	60/3	61/-	5·35	2¾
43/6	34/9	15 b	5 a	Gallaher 10/-	40/3	40/3	4·97	2
77/6	61/9	8½ a	14 b	Imperial Tobacco £1	67/4½	66/-	6·82	1¼
				INSURANCE				
223/9	175/-	†50 b	50 a	Britannic 5/-	220/-	221/10½	3·68	...
69/9	47/4½	25 b	20 a	Commercial Union .. 5/-	68/3*	69/6	2·88**	...
17¹³/₁₆	12¹⁵/₁₆	†32 35c	†41·17c	Equity & Law Life ... 8/6	17	17¹¹/₁₆	1·62	...
110/-	70/3	30 b	20 a	General Accident ... 5/-	103/9	109/3*	2·29	...
130/-	91/-	4 b	35 a	Guardian 5/-	124/9	128/6*	2·92	...
24½	16¹⁵/₁₆	150 b	80 a	Legal & General 5/-	24	1·98**	2·25	...
114/4½	92/6	...	8½ a	Northern & Empl. ... £1	110/6	110/3*	3·36**	...
172/6	132/6	160 b	†20 a	Pearl 5/-	158/9	167/6	3·90	...
18⅝	15⁹/₁₆	†162½ c	†183½ c	Prudential 'A' 4/-	17⅜	18	3·33	...
115/-	92/-	16 c	7½ a	Royal Exchange £1	107/-	109/3	3·20**	...
				MOTORS & AIRCRAFT				
24/03¼	15/11½	12½ b	7½ a	British Motor 5/-	15/4½	15/9	6·35	1½
120/3	88/4½	12½ b	6¼ a	Ford Motor £1	90/9*	88/4½	4·24	4½
73/9	38/-	17½ c	20 c	Jaguar Cars 'A' 5/-	60/6	61/3	1·63	9½
90/6	72/6	12½ c	15 c	Leyland Motor £1	81/-	82/-	3·66	3
12/9	9/-	8 c	12 c	Rootes Motors 'A' 4/-	9/3	9/5¼	5·09	5
12/6	8/-	12 c	5 a	Standard-Triumph ... 5/-	8/11¼	8/7½	6·96	3½
17/3	12/-	7½ b	3½ a	Bristol Aeroplane ... 10/-	12/9*	13/6	8·15	1¾
41/6	29/9	†3·6 a	†5½ b	Dowty Group 10/-	37/6	37/7½	3·95	3
34/-	27/10½	10 c	5 a	Hawker Siddeley £1	30/4½	30/10½	7·00**	2
49/7½	40/6	7½ b	2½ a	Rolls-Royce £1	43/-	42/6*	4·71	2
30/6	22/3	11½ b	3½ a	Dunlop Rubber 10/-	23/11½	22/6	6·67	2¼
74/6	61/3	10 b	2½ a	Joseph Lucas £1	63/11½	65/-	3·85	3
40/9	26/3	21 b	9 a	Pressed Steel 5/-	26/6	28/8¼*	5·23	3
48/6	30/-	10 c	15 c	Triplex Holdings ... 10/-	39/4½	39/7½	3·79	3
				MINES				
11⅝	7¹¹/₁₆	20 a	70 b	Anglo-American 10/-	8¼	8¼	5·45	1½
99/3	56/6	6¼ a	18¾ b	Consolid. Gold Fields . £1	69/6	68/6	7·27	2
145/-	85/-	10 a	25 b	General Mining £1	106/3	107/6	6·51	1¾
87/9	47/6	110 b	40 a	Union Corporation .. 2/6	62/-	62/-*	6·05	2½
25·10½	16/9	50 b	45 a	Daggafontein 5/-	21/6	21/9	21·84	1
191/3	108/9	70 a	100 b	Free State Geduld ... 5/-	136/6	137/6	6·18	1½
66/3	42/-	35 b	35 a	Hartebeestfontein .. 10/-	48/-	48/6	14·43	2
80/4½	51/6	50 a	60 b	President Brand 5/-	63/6	65/-	8·46	2
187/6	107/6	80 a	105 b	Western Holdings ... 5/-	147/6	154/4½	5·99	1¾
26/9	17/9	...	31½ a	Winkelhaak 10/-	25/6	26/-	...	...
119/6	67/9	40 c	13½ a	Chartered 15/-	68/6	69/-	8·70	2
93/9	50/7½	20 a	60 b	Rhod. Anglo-Amer. .. 10/-	50/7½*	53/1½	15·06h	1½
16/4½	8/9	6¼ a	12½ b	Rhod. Selection Tst. .. 5/-	8/10½	9/11½*	10·27h	2
8/10½	5/3	4¹¹/₁₆₀	10¹⁵/₁₆₀	Roan Antelope 5/-	5/4½	5/3*	14·88h	1¾
48/3	28/9	15 a	22½ b	Tanganyika Cons. 10/-	28/9	29/3	12·82	1½
80/9	63/6	6¼ a	13¾ b	Consolidated Zinc £1	64/6	63/9	6·27	2
200/-	133/11½	150 b	100 a	De Beers Defd. Reg. 5/-	150/-	150/7½	8·30	2
$102½	$85½	$1·50c	$1·50c	Internat. Nickel .... n.p.v.	$87	$91	2·93	2
13/1½	10/7½	20 b	7½ a	London Tin 4/-	12/4½	12/11½*	9·07	1
51/6	28/9	20 c	20 c	Rio Tinto 10/-	28/9	35/-	5·71	2
45/6	26/3	62½ c	30 a	Tronoh 5/-	36/9*	35/6	8·80	1
				OIL				
67/6	46/-	†7½ b	†3½ a	British Petroleum £1	49/9	48/9	7·25	2½
59/6	37/6	†2½ a	16¼ b	Burmah Oil £1	39/9	40/-	7·14	1¼
45/6	34/6	13½ b	6¼ a	Castrol 10/-	45/-*	42/9	4·57	2½
£17¼	£11½	26¼ c	11¼ a	Royal Dutch ..... 20 fl.	£11³/₁₆*	£11¹³/₁₆	4·18	3
168/9	124/-	†23¾ c	†10 a	Shell Transport £1	129/9	128/9	6·02	3
64/-	30/6	...	...	Ultramar 10/-	31/6	30/9	...	...
				PAPER & NEWSPAPERS				
15/6¾	11/4½	8 b	5 a	Daily Mirror 'A' 5/-	12/9	13/-	5·00	2¼
37/-	28/6	5 a	12½ b	Odhams Press 10/-	29/6	29/9	5·88	2
79/6	56/6	6 b	4 a	W. H. Smith & Son 'A' .. £1	79/6	79/6	3·02**	2½
61/10½	53/3	12½ c	5 a	Bowater Paper £1	54/-*	55/-	4·55	2¼
63/-	50/-	5 a	11 b	Albert E. Reed £1	53/3	53/6	5·98	1¾
40/6	29/9	7 b	4 a	Spicers £1	40/3	39/3	5·61	2
54/9	47/-	3½ a	9 b	Wiggins Teape £1	50/3	53/-	4·65	1½

Prices, 1960 High	Prices, 1960 Low	Last Two Dividends (a)	Last Two Dividends (b)	ORDINARY STOCKS	Price, Oct. 26, 1960	Price, Nov. 2, 1960	Yield, Nov. 2, 1960	Cover
		%	%	**MISCELLANEOUS**				
54/6	35/-	20 a	40 b	Assoc. British Picture .5/-	40/6	41/-	7·32	1¾
40/4½	28/-	20 a	30 b	Assoc. Television 'A' .5/-	29/6	29/-	8·62	2
50/-	37/3	27 c	8 a	Beecham Group 5/-	44/7½	43/3	3·12	2
58/6	27/9	21 c	8 a	Boots Pure Drug 5/-	56/9*	58/-	1·81	2½
46/6	38/3	3½ a	6¾ b	British Match £1	46/6	46/3	4·32	2½
31/6	19/6¾	10 b	6 a	British Oxygen 5/-	26/9*	27/9	2·88	2½
12/6	10/4½	7 b	3 a	British Ropes 2/6	11/11½	11/3	4·44	2½
78/6	47/9	5 a	17½ b	De La Rue 10/-	64/4½	63/11½	3·56	2¼
36/9	25/4½	10½ b	6 a	Gestetner 'A' 5/-	35/9*	34/9	2·37	4½
85/-	57/-	7 a	11 b	Glaxo 10/-	82/6*	84/6	2·43	4
62/6	49/6	3 a	12 b	Harrisons & Cr. Defd. .£1	53/-	51/3*	5·85	2½
54/6	38/-	40 b	5 a	Hoover 'A' 5/-	43/10½	44/-	5·11	4
33/6	22/3	12½ b	5 a	Ilford 5/-	25/9	25/-	3·50	2
78/6	61/-	6 b	4 a	Inter. Comp. & Tab. .. £1	65/3	67/9	2·95	2¼
66/10½	40/4½	9⅜ c	12½ c	National Canning £1	63/9	65/-	3·85	2½
34/9	24/1½	6 a	10 b	Powell Duffryn 10/-	32/-	31/-	5·16	2½
32/10½	21/9	10 b	5 a	Radio Rentals 5/-	23/11½	23/7½	3·17	3
16/-	11/3	9 c	13·6c	Rank Organisation ... 5/-	15/9¼	16/-	4·25	2½
38/3	28/9	18 b	7½ a	Schweppes 5/-	32/9	32/10½	3·50**	2
39/3	22/1½	20 c	25 c	Sears 'A' 5/-	39/-	38/6	3·25	2¼
25/-	17/3	9¾ a	8½ a	Thomas Tilling 4/-	24/9	24/-*	3·04	2¼
60/10½	48/3	10 c	5 a	Turner & Newall £1	54/6	57/6	3·11**	2½
180/-	129/-	8 a	14·7b	Unilever £1	148/6	150/-	3·03	3¾
17/-	11/9	3¼ a	9¼ b	United Glass 5/-	16/9	16/7½	3·76	2½
50/10½	33/6	†10⅝ b	14¼ a	United Molasses 10/-	34/9	33/6*	7·31	1½
				SHIPPING				
52/-	36/-	13½ b	6½ a	Brit. & Com'wealth. 10/-	36/9	36/-*	5·56	1¼
25/6	16/6	8 c	8 c	Cunard £1	16/6	17/6	9·14	1¼
33/9	20/6	10 c	7 c	France Fenwick £1	21/6	20/9	6·75	...
50/9	38/9	10 c	10 c	Furness Withy £1	39/-	39/9	5·03	2¾
20/-	10/-	10 a	10 c	London & Overseas .. 5/-	13/-	12/6	7·80**	...
55/-	35/-	8 b	3 a	P & O Defd. £1	35/-*	35/6	6·20	1
22/3	12/6	2½ c	2½ c	Reardon Smith 10/-	13/-	12/6	2·00	...
31/-	20/-	8 c	8 c	Royal Mail £1	20/-	20/-	8·00	¾
				STEEL				
83/3	66/9	8 b	6 a	Colvilles £1	77/9	78/3	3·58	4
56/10½	39/9	5½ b	3½ a	Dorman Long £1	41/9	42/3	4·73**	3
57/-	45/-	6 b	3½ a	Lancashire Steel £1	49/9	52/-	3·65	4½
60/7½	40/3	4 a	8 b	South Durham £1	42/9	42/3	5·68	2½
55/9	41/4½	6¼ b	5 a	Steel Co. of Wales ... £1	42/3	45/-	5·00	2¾
63/-	44/-	8 b	3 a	Stewarts & Lloyds £1	45/3	44/10½	4·90	3¾
80/6	59/9	7½ b	6 a	John Summers £1	62/6	65/3	4·14	3
88/9	74/-	11 b	6 a	United Steel £1	82/9	86/1½	3·99	3
121/6	96/3	15 b	12½ a	Whitehead £1	98/-	99/6	5·52	2½
				TEXTILES				
115/-	55/-	12½ a	27½ b	Calico Printers £1	104/9	105/3	7·60	3½
60/6	32/6	2½ a	12½ b	J. & P. Coats £1	58/7½	57/9	5·19	1¾
37/6	28/11½	5 a	7½ b	Fine Spinners £1	32/4½	31/4½	7·97	1¼
78/6	59/6	12½ b	7½ a	Lancashire Cotton £1	75/11½	74/11½	5·40	1½
33/6	27/-	7½ c	10 c	Tootal £1	30/11½	30/11½	6·64	1
23/3	17/11½	3 c	Nil a	Bradford Dyers £1	17/10½	18/3	3·29	...
14/6	12/-	14 b	6 a	Illingworth Morris .. 4/-	12/4½	12/11½	6·60	1¾
74/6	56/9	5 a	12½ b	Patons & Baldwins £1	65/6	65/-	5·38	2½
77/9	64/-	10 b	8 a	West Riding Worsted .£1	66/9	68/-	5·29	2½
40/6	32/6	7½ b	2½ a	Woolcombers £1	35/6	35/3	5·67	2¾
59/-	44/5¼	5¾ b	5¾ b	Courtaulds £1	57/-	58/7½	3·20	2½
16/2¼	11/4½	16 b	5 a	Jute Industries 10/-	13/3¼	13/7½	9·54**	3¾
				TRUSTS, LAND & PROPERTY				
65/6	53/3	12½ a	21½ b	Alliance Trust 5/-	55/3*	55/9*	3·05	1¼
49/7½	41/6	10 a	30 b	B.E.T. 'A' Defd. 5/-	47/-	45/9*	4·37	1¾
18/6	14/3	10 c	10 c	Cable & Wireless 5/-	17/11½	17/3	2·90	1¾
70/9	34/6	...	...	City & Cent. Invest. .. 5/-	70/-	68/9	1·82**	...
73/-	48/6	8 b	12 a	City Centre Props. .. 5/-	70/-	68/9	1·45	¾
69/9	48/10½	6¾ b	3½ a	City Lond. Real Prop. .£1	62/9	69/3	2·89	1
11⅞	7⅝	18·08b	14·08c	Hudson's Bay £1	7¾	8¼*	3·96	3
27/9	16/2¼	11½ a	4 b	Land Securities 10/-	27/4½	27/3	1·96	1
32/9	21/6	10⅝ c	2½ a	Lond. Cnty. Freehld. 10/-	26/-	28/-	3·87	1
				TEA & RUBBER				
45/6	38/9	12½ a	†20 b	Cons. Tea & Lands ... £1	44/-	43/6*	16·89	2
31/6	26/-	13 a	19 b	Jokai (Assam) £1	27/-*	26/9	14·65	2
18/6	12/9	3 a	4 b	Nuwara Eliya £1	13/-	12/9	10·98	1½
3/4¾	1/11¼	6 a	14 b	Grand Cent. Invest. .. 2/-	2/-	2/-	20·00	1¼
9/11½	6/11½	10 a	40 b	London Asiatic 2/-	6/3	6/3	16·00	1¾
100/-	80/3	37½ b	12½ a	United Sua Betong ... £1	82/3	80/3	12·46	1½

The Economist Indicator
1953=100

1960	Indicator	Yield %	1960 High	1960 Low
Oct. 5	374·0	4·45		
" 12	377·5	4·45		
" 19	372·0	4·56		
" 26	370·4	4·57	381·7 (Sept. 7)	335·6 (May 4)
Nov. 2	371·1	4·59		

Financial Times Indices

1960	Ord. Index †	Ord. Yield	Fixed Int. ‡	2½% Consols Yield	Bargains Marked
Oct. 27	321·1	4·37	88·45	5·43	14,937
" 28	320·3	4·39	88·45	5·43	15,123
" 31	321·2	4·37	88·44	5·43	18,036
Nov. 1	321·5	4·37	88·50	5·43	15,537
" 2	321·0	4·38	88·50	5·43	14,238

High, 342·9 (Jan. 4). Low, 295·8 (May 9).
† July 1, 1935=100. ‡ 1928=100.

THE ACTUARIES' INVESTMENT INDEX
(December 31, 1957=100)

GROUP	Price Index Oct. 27 1959	Price Index Sept. 27, 1960	Price Index Oct. 25, 1960	Average Yield per cent Oct. 27, 1959	Average Yield per cent Sept. 27, 1960	Average Yield per cent Oct. 25, 1960
FINANCIAL :—						
Banks	210·3	220·2	231·5	3·42	3·66	3·48
Investment trusts	212·6	214·4	213·7	3·02	3·38	3·46
INDUSTRIALS :—						
Electrical engineering	170·2	159·4	148·9	3·89	4·67	5·01
Engineering	158·0	170·6	169·4	4·14	4·19	4·28
Steel	240·8	278·8	272·9	4·49	4·47	4·57
Breweries	215·3	239·9	239·1	3·64	4·01	3·99
Chain stores	172·0	220·1	239·8	2·79	2·74	2·52
Cotton and rayon textiles	162·3	200·1	206·6	5·54	5·76	5·61
Wool textiles	169·5	195·8	203·0	4·99	5·55	5·34
Chemicals	201·1	244·3	253·1	3·16	3·41	3·38
Oil	120·5	118·4	120·5	5·04	6·37	6·32
Shipping	120·3	110·2	103·1	4·97	5·41	5·77
All classes combined	174·4	186·6	189·1	4·23	4·73	4·73
Total—Capital Goods	171·0	173·9	171·5	4·30	4·69	4·80
Total—Consumption Goods	207·4	236·5	246·0	4·02	4·30	4·23

** Yields based on assumed dividends :—Bass, 20%. B.S.A., 16%. Chartered Bank, 15%. City & Central Inv., 25%. Commercial Union, 40%. Debenhams, 21·09%. Dorman Long, 10%. Flowers, 10%. Hawker Siddeley, 10·8%. Imperial Chemical Industries, 11½%. Jute Industries, 17½%. Land Securities, 17½%. Lewis's Invest. Tst., 17%. London & Overseas Freighters, 17½%. Martins Bank, 13½%. Nat. Comm. Bank Scot., 15%. Northern & Employers', 18·2%. Pearl Assurance, 25%. Legal & General, 190%. Royal Exchange, 17½%. Schweppes, 23%. W. H. Smith & Son, 12%. Turner & Newall, 11½%. Woolworth, 50%.

COMPANY AFFAIRS

Expansion for Debenhams

LIKE the Rank Organisation, Debenhams is to grant options to its senior executives to buy up to 500,000 ordinary shares. In both cases, the options are exercisable at a price above that ruling in the market when the options are granted. This offers an incentive to the executives and does no harm to the interests of ordinary shareholders. These options follow the ruling of the House of Lords in *Abbott v. Philbin* that the option should be taxed on its value when granted and not when exercised. What value the Inland Revenue will impute to an option offered above the current market price is not clear. If the option is granted below the market price the profit which can be taxed is measurable and it was fears about this impost which limited the response to Debenhams' earlier offer of shares on favourable terms to employees. It was prepared to issue up to 399,377 ordinary shares but only 213,883 shares were bought.

Years to July 31.	1959 £'000s	1960 £'000s
Consolidated earnings :—		
Trading profit	6,421	7,884
Gross profit	5,467	6,504
Net profit	2,768	3,257
Ordinary dividend	1,323	1,736
Retained profits	1,219	1,286
Consolidated balance sheet :—		
Net fixed assets	42,058	44,260
Stocks	7,960	9,296
"Quick" assets	1,599	3,049
Bank overdrafts	2,732	...
Loan capital	4,310	7,915
Reserves	17,542	21,827
Ordinary capital	12,998	14,914

In taking up their options, the senior executives of Debenhams will be aware that the 10s. shares at 56s. 1½d. are, like other equities in the store group, at their highest point for the year. They, like those who bought the shares recently, must assume that this group of department stores will go on expanding. Immediately they can justify this assumption on several facts: in the year to July 31st trading profits (excluding the £133,000 earned by newly acquired subsidiaries) rose by nearly 21 per cent; retail sales have risen and so far in the current financial year Debenhams' profits show a "satisfactory increase"; and following the debenture and rights issues the group has plenty of liquid assets in hand. Moreover, the directors have promised at least to maintain the dividend of 19⅛ per cent (against 16⅔ per cent) on the capital as increased by the one for ten scrip issue, so that the indicated yield is 3½ per cent.

How and where is Debenhams to add to its assets and earnings? It failed to take-over Harrods—perhaps thankfully in view of the price finally paid against its counter-bidding by the House of Fraser—and the new subsidiaries recently acquired, though they produce a reasonable return, have not added greatly to the assets of the group. The chairman, Mr John Bedford, answers the question by pointing to:

1. Expansion by the purchase of large department stores in towns where Debenhams is not represented. The number of stores for sale, however, is becoming smaller and Debenham is now purchasing sites (having recently bought one in Guildford and another in Sheffield).
2. Expansion by developing existing stores—there are plans for 28 in the next five years. Debenhams has also opened three supermarkets, but it will not plunge heavily into this development until it is satisfied that the pilot schemes are working satisfactorily or unless it can purchase an existing chain at a reasonable price.
3. Expansion by diversifying its interests. Recently Debenhams acquired a hosiery factory, but it has turned down a number of propositions because the price was not right.

All this suggests a steady rather than spectacular expansion in assets while competition may limit the improvement in margins which can be secured in future. Much of Debenhams' past success has been based first on the siting of its stores and secondly on centralised buying—it has now established its own footwear department to compete with the central buying operations of the multiple stores. This suggests that the directors are being circumspect about the future trend in retail profit margins.

Moss Empires

MR CHARLES CLORE and Mr Jack Cotton have made an outside bid and promptly failed. Exactly a week after the merger of City Centre Properties and City and Central Investments was announced came the news of their combined bid for Moss Empires, which owns many large theatres including the London Palladium, London Hippodrome and the Victoria Palace. In this venture they were joined by Mr Bernard Delfont, the impresario. In July Mr Jack Cotton approached Moss Empires with a view to acquiring the London Palladium site but he was turned down. They made their bid through a new private company, offering 13s. 6d. for each of the 7½ million 4s. ordinary shares and 25s. for each of the 500,000 5 per cent preference in Moss Empires. This offer came on the heels of a bid from Stoll Theatres of 20s. for each of the voting preference shares. Stoll Theatres already owned 44.6 per cent of Moss Empires' ordinary shares, where every five have the right to one vote. These two theatre groups were already closely linked and Mr Prince Littler is chairman of both companies. An earlier attempt at a merger failed last year when a substantial minority of Stoll ordinary shareholders rejected a bid made by Moss Empires. Immediately after the counter bid heavy buying carried the price of Moss Empires preference shares to 30s. and the ordinary shares to 14s. 9d. and at lunchtime on Thursday Mr Littler announced that Stoll Theatres had acquired a voting majority in Moss Empires. The price of the preference then fell back to 21s. 3d. and the ordinary to 10s. 3d.

This would not have been Mr Clore's first venture into theatreland; through City and Central he already owns the Prince of Wales and the London Casino and the new Royalty Theatre (which was built on the site of the old Stoll Theatre bought from the Stoll group in 1957). But it seems to be the property interests of Moss Empires which were the principal attraction, for certain provincial theatres in the group have been forced to close and their sites are ripe for development. Moss Empires has a stake in Associated Television (of which Mr Littler is also chairman), currently worth about £2 million which carries 26¼ per cent of the votes in ATV. As Stoll already had such a big interest in Moss Empires it was strongly placed to fight back and it did not have to buy all that much stock to gain control. The offer from Mr Clore, Mr Cotton and Mr Delfont of 13s. 6d. for the ordinary shares (compared with a pre-bid price of 11s. 3d.) looked attractive on an earnings basis but it was not outstanding in regard to assets whose book value does not reflect present-day values of some of the properties. It remains to be seen how Stoll Theatres will exploit the property potential of the Moss theatre sites.

Great Universal Stores

AT last week's annual meeting of Great Universal Stores Mr Isaac Wolfson, the chairman, told shareholders that both sales and profits so far in the current year were better than those in the same period a year ago. By diversifying the trading pattern of its business GUS is clearly better able to weather a period of hire purchase restrictions, even though HP transactions still form an important part of its trade. How valuable can be seen from the figure of £20½ million for deferred profit on hire purchase sales at the end of March, which should give a boost to profits over the next two or three years. The ordinary shares now stand at 60s. 3d. to yield 3.1 per cent and the 5s. "A" shares at 52s. 9d. yield 3.5 per cent.

It is not only on the score of future profits that shareholders should be pleased for Mr Wolfson has at last conceded the possibility of giving votes to the holders of the 87 million 5s. "A" ordinary shares. Proposing a vote of thanks to Mr Wolfson Mr W. Lionel Fraser, chairman of Helbert, Wagg, said that everybody liked to have a say in his own company and he hoped

that Mr Wolfson at the right moment would show a lead and enfranchise the non-voting ordinary shareholders. Mr Fraser added that it would be very reasonable to give some compensation to the voting shareholders. In reply Mr Wolfson pointed out that most of the voting stock and thus the control of the company was in the hands of trustees but he agreed that the time would come when it would be advisable for everyone to have a voice in the business in which they have ordinary shares. Mr Wolfson did not say whether he viewed this as a short or a long term prospect. If GUS enfranchises its "A" shareholders' resistance elsewhere to City pressures to give all ordinary shareholders a vote is likely to crumble rapidly. It is important that Mr Wolfson should act quickly.

Fisons

SINCE the publication of Fisons' preliminary statement, with its warning about the level of profits in 1960-61, the £1 ordinary shares have fallen from a peak of 56s. to 50s., to yield 4.4 per cent—one per cent more than a year ago. But the comprehensive statement from Sir Clavering Fison, helps to put the affairs of the group into proper perspective. He regards the rise in the group's trading profit from £3,554,080 to £4,314,512 in the year to June 30th as something exceptional and while he foresees some fall in profits in the current year he estimates that profits will recover to about £4,300,000 in 1961-62 and that they will then rise to over £5 million in the following year. Projections of this kind are always tricky—especially as Fisons' earnings depend to some extent upon the Government's attitude to agricultural prices and subsidies—but Sir Clavering in making this estimate was thinking in terms simply of the group as it now is. He made no allowance for earnings from any new interests Fisons may acquire. The group, as its recent unsuccessful bids show, seems anxious to add to its interests at reasonable prices.

Years to June 30.	1959 £'000s	1960 £'000s
Consolidated earnings —		
Sales	46,688	51,343
Trading profit	3,554	4,315
Other income	439	594
Depreciation	1,274	1,902
Tax	1,836	2,484
Net profit	1,801	2,021
Ordinary dividend	853	1,043
Retained profits	835	860
Consolidated balance sheet —		
Net fixed assets	22,059	21,385
Net current assets	12,634	15,606
Stocks	8,499	9,484
Debtors	4,151	4,462
"Quick" assets	6,758	8,722
Reserves	10,622	7,585
Ordinary capital	11,610	15,480

Fisons' total sales in 1959-60 rose by 10 per cent, from £46.7 million to £51.3 million, and this was largely due to an abnormal and unforeseen increase in the demand for fertilisers, for consumption rose by 15 per cent compared with increases of 4 per cent in each of the previous three years. It is still rising but Sir Clavering looks for a more normal increase of 4 per cent in the current year. Competition is also becoming keener and Fisons is spending about £1 million improving and increasing its capacity. The directors also expect shortly to approve a major ammonia project, costing £5-£6 million.

The chemical division again contributed a bigger share to Fisons' figures and its profits rose by 20 per cent; there was a further improvement in the ratio of gross profit to sales taking all divisions together from 10 to 10.8 per cent and the return on capital employed improved from 10.8 per cent to 12.6 per cent. This improvement is principally due to satisfactory operations at Fisons' new nitrogen factory which suffered a set back in 1958-59. Fisons Pest Control also reported a "marked improvement" even though the season was not particularly favourable. There was a big increase in the sale of weed killers and overseas trade improved. The chemical division has not been free from troubles and at the end of last year one of its pharmaceutical products became the centre of controversy. But since then this product has received a large amount of support.

The balance sheet includes liquid assets of £8¼ million, of which about £3 million, the directors estimate, should always be held at the end of June in view of the seasonal nature of the fertiliser business. This leaves a considerable sum to spare for capital purposes; the end-year commitments (which do not include the proposed ammonia plant), which amounted to £2¼ million, would be more than covered by last year's cash flow. Clearly, Fisons has plenty of money on hand to add to its interests and while the ordinary dividend (increased from 9 to 11 per cent in 1959-60) may not be raised in the current year it should not remain unchanged for the next four years as it did between 1954 and 1958.

Bids and Deals

MR REGINALD MAUDLING, the President of the Board of Trade, said at the week end that he thought mergers were good for industry. The past week has produced further evidence that many companies share this view. Apart from the Ekco-Pye deal (which is discussed in a Business Note) and the opposing bids for Moss Empires, the more important moves have been:

1. An offer of 20s. for each 5s. ordinary share in Crookes Laboratories has been made by the seemingly strange partnership of Guinness and Philips Electrical. The profits of this company, famous for its halibut oil, have been disappointing in recent years and the offer compares with a pre-bid price of 15s. 6d. For Guinness, which will be the senior partner in this new venture, the acquisition will provide further scope for diversification; Guinness is already interested in confectionery. Philips's Dutch parent company already has a big pharmaceutical section.
2. Great Universal Stores has sold to John Peters (Furnishing Stores) of Leeds the whole of the retail business of Waring and Gillow. Peters has nine shops in the north and this deal should bring about a striking increase in both its earnings and assets. The full cost is likely to be around £1 million, of which the major part will be provided by the issue of 500,000 5s. shares in Peters, now priced at 29s. 3d. This will give GUS a stake of 33⅓ per cent in the Peters equity, which will still be effectively controlled by the chairman, Mr M. Cussins, and his fellow directors.
3. The latest acquisition by Norcros is the printing business of Fisher Clark; at £2,044,025 it is one of the biggest of its recent purchases. Of this sum, £717,025 is being paid in cash and the balance by the issue of 600,000 6½ per cent preference shares and 363,500 ordinary shares in Norcros. The latest balance-sheet showed that Fisher Clark had liquid assets of £377,018 and with pre-tax profits estimated at £300,000 for the current year Norcros appears to have taken over the company on favourable terms.
4. Although the bid from Express Dairy for Spiers and Pond had been accepted by the directors who have a controlling interest, the cash element in it has now been doubled from 2s. 6d. to 5s. for each 5s. share. Thus the revised bid of three Express Dairy non-voting "A" shares plus 5s. in cash increases the value of the offer from 50s. to 53s. 4½d. This presumably will ensure that the offer is acceptable to minority shareholders.
5. The negotiations for the incorporation of Lloyds Bank branches in India, Pakistan and Burma into National and Grindlays Bank have now been completed. As consideration for the transfer National and Grindlays will issue to Lloyds 1,520,700 of its 15s. shares, representing about 25 per cent of its issued capital.

Crompton Parkinson

IN recent years the heavy electrical manufacturers have been under considerable pressure: competition has squeezed margins; the atomic power contracts have produced losses rather than profits; and the cablemakers' trade association has been broken up. Not surprisingly, therefore, the chairman of Crompton Parkinson, Mr Albert Parkinson, predicted a year ago that "considerably more difficult trading conditions" were ahead. Against this background the group must be judged to have done well in maintaining its gross profits in the year to June 30th. At £2,750,617 they are only £5,000 lower than in 1958-59 and net profits have actually risen slightly, from £1,201,772 to £1,228,125.

A year ago the directors said that the one for four scrip issue did not necessarily foreshadow a more liberal dividend policy. But they have now raised the dividend from the equivalent of 11.2 per cent to 12½ per cent, covered 2.2 times. At the current price of 10s. 9d. the 5s. ordinary shares yield just 5¼ per cent.

British Aluminium

LAST month's decision by British Aluminium to raise £4 million in the Swiss market pointed to a major programme of expansion. This is confirmed by the chairman, Lord Plowden, in his annual statement. He expects demand for aluminium, particularly in this country, to expand substantially in the next five to ten years and to match this emerging demand the directors have authorised a big capital programme—about £2 million was outstanding on capital account at the end of July—and they are reviewing further schemes for development.

The demand for aluminium in the year to July 31st was buoyant and trading profits rose from an annual rate of £3.4 million to £5.1 million. But the chairman warns shareholders (who apart from a very small number of individuals are effectively Tube Investments and Reynolds Metals) that competition is growing and that keen selling and marketing will be necessary. The ability to compete should be enhanced by the decision to integrate the Reynolds-TI Aluminium interests into British Aluminium.

The directors of Canadian British Aluminium also infer that it may not be long before work begins on the third stage at Baie Comeau. The plant was originally planned for four stages of 45,000 tons each, of which two have been completed. The Canadian subsidiary is still operating at a loss, of which British Aluminium's share for 1959-60 was £285,380. The directors indicate that this company may soon be profit-earning and are optimistic that the remaining operating problems will be solved "in the relatively near future." Moreover trading results in the current year should benefit from the weakening of the rate on the Canadian dollar since a large proportion of the Canadian output is sold in the United Kingdom at standard prices. And in the long term the directors believe that the recent alumina contract with Reynolds Metal (replacing an agreement with ALCAN) should bring considerable financial benefits to the company.

Henry Wigfall

DESPITE the current troubles in the television retail trade the 5s. ordinary shares of Henry Wigfall at 36s. yield a mere 2 per cent. In his first statement since Henry Wigfall became a public company, the chairman, Mr F. N. Hearnshaw, says that since the credit restrictions were imposed there has been a marked reduction in the volume of business with no sign of reversal so far. The accounts, however, provide some justification for the current market price, for they show that the unearned profit on hire purchase agreements had risen from £862,086 to £1,592,746. The increase in hire purchase transactions has apparently more than offset the fall in the company's rental business.

Even so, about £2 million worth of sets went out on rental for the first time in 1959-60. The amount written off rented sets was slightly higher at £2,788,988, so that nearly £8 million has been written off in the last three years. Consolidated trading profits, which fell in the year to March 31st from £445,544 to £194,613, are struck after the latest write off and a fall in the rental business suggests that less will need to be written off this year. This could have a beneficial effect on trading profits, which may also be credited with some of the sums accruing on hire purchase agreements. The effect on earnings, which in 1959-60 were not sufficient to cover the 15 per cent dividend, could be substantial. But how far this could give rise to a bigger dividend is likely to depend, first, on the current level of trade and, secondly, on the liquidity of the group, whose bank overdrafts had more than doubled to £1,875,886 by the end of March.

Associated British Engineering

SHAREHOLDERS in Associated British Engineering who were surprised to learn from the preliminary statement that the Henry Meadows subsidiary had been sold are given a little more information about this sale in the full report. It was in fact sold to a private investment company controlled by the chairman of ABE, Mr Lawrence W. Robson. This was part of a plan approved by the group's bankers, solicitors and auditors as well as certain major stockholders. The plan also envisaged certain agreed measures of permanent financing once Meadows had been sold. The second part of this plan did not in fact materialise and Mr Robson then offered to reverse the deal but his fellow directors did not consider this to be in ABE's interests. In the consolidated balance sheet £596,712 has been written off representing the book value of Meadows' net assets less the £100,000 received in cash for the sale.

Without Meadows the group made a net profit of £54,779, against a loss of £99,251 in 1958-59. Bank overdrafts fell from £1,818,594 to £884,769 but since the end of the year a further £185,720 has been borrowed to repay certain balances due to Meadows. Many problems in ABE remain to be solved by the board, now to be headed by Mr O. R. Guard, since Mr Robson is giving up the chair to devote himself to the rehabilitation of Meadows. It may be that the directors will have to cut back on ABE's various interests still more before the group as a whole can earn consistent profit, for Mr Robson says that in view of the group's large commitments in heavy marine engineering, there is little prospect of consistent profit or of a resumption of ordinary dividends while depressed conditions rule in the shipbuilding industry. The last ordinary dividend was an interim of 2½ per cent in January, 1958. The 5s. shares now stand at 3s.

London Stock Exchange

FIRST DEALINGS:	Oct. 17	Oct. 31	Nov. 15
LAST DEALINGS:	Oct. 28	Nov. 11	Nov. 24
ACCOUNT DAY:	Nov. 8	Nov. 22	Dec. 6

THE stock market had already discounted the fall in Bank rate last Thursday, so prices changed very little over the week to Wednesday's close, not least because the Chancellor emphasised that the change did not mean any relaxation in the credit squeeze. Over the week to Wednesday gilt-edged stocks showed little change. Some of the short-dated stocks made small gains and Conversion 4½ per cent 1964 rose $\frac{9}{32}$ to 98$\frac{11}{32}$ while Exchequer 5½ per cent 1966 gained $\frac{1}{16}$ to 99$\frac{5}{16}$. There were some small gains among long-dated stocks, Funding 3½ per cent 1999-2004 gaining $\frac{1}{16}$ to 65½. Mixed movements occurred among the irredeemables, War Loan 3½ per cent losing $\frac{1}{8}$ to 60$\frac{3}{4}$ and 2½ per cent Consuls gaining $\frac{1}{4}$ to 46$\frac{1}{16}$. Corporation loans were in demand after the excellent reception of the new Lanark issue, but the latter fell back from $\frac{7}{16}$ premium to $\frac{5}{16}$ premium on "stag" selling.

Bank shares were irregular and among hire purchase houses Bowmaker lost 1s. 6d. to 26s. 1½d. Insurance share prices advanced strongly, notably Legal and General which made a net gain of 1½ to 24, after touching 24$\frac{5}{16}$, and Commercial Union which rose by 1s. 6d. to a new high of 69s. 9d.

Industrial equities were quiet though the rally on Wall Street on Tuesday encouraged a little buying and over the week to Wednesday *The Economist* indicator made a small gain of 0.7 points to 371.1. Among engineering shares Babcock and Wilcox touched a new low of 32s. 6d., but it then gained 2s. 3d. on Wednesday to close 1s. 6d. higher over the week at 34s. 9d. Guest Keen gained 4s. 6d. to 98s. 3d. but fell back to 91s. 3d. on news of the big rights issue. Motor shares were dull and Ford lost 2s. 1½d. to touch a new low of 88s. 7½d., but BMC were bought in anticipation of the dividend and gained 4½d. to 15s. 9d. There were mixed changes among other industrial equities. Boots gained 1s. 6d. to 58s. 3d. and Unilever Limited 1s. 4½d. to 149s. 10½d. Turner and Newall gained 2s. 10½d. to 57s. 4½d. but Hoover "A" lost 2s. 7½d. to 41s. 3d. Before last week-end there were several notable gains among stores and several share prices reached new "highs." Woolworths closed at a new peak of 85s. 9d., gaining 1s. over the week, and Marks and Spencer closed only 3d. below the peak, gaining 3s. 9d. to 100s. 6d. Oil share prices showed little change. Property share prices advanced after the announcement of the Clore-Cotton merger.

Gold share prices were more stable this week but gains were usually small; towards mid-week Johannesburg buying helped to offset the influence of Mr Kennedy's statement that he would not consider any devaluation of the dollar. Free State Geduld gained 1s. 6d. to 137s. 9d. and Western Holdings 6s. 10½d. to 154s. 4½d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 29, 1960, there was an "above-line" deficit (after allowing for sinking funds) of £20,898,000 compared with a deficit of £18,556,000 in the previous week and a deficit of £16,552,000 in the corresponding period of last year. There was a net expenditure "below-line" of £27,310,000 leaving a total cumulative deficit to date of £714,289,000 compared with £682,271,000 in 1959–60.

£'000	Estimate 1960–61	April 1, 1959, to Oct. 31, 1959	April 1, 1960, to Oct. 29, 1960	Week ended Oct. 31, 1959	Week ended Oct. 29, 1960
Ord. Revenue					
Income Tax	2478,000	763,581	771,345	26,708	32,401
Surtax	190,000	44,300	41,300	1,100	1,000
Death Duties	239,000	127,500	130,300	4,000	4,600
Stamps	110,000	51,400	51,700	2,300	2,400
Profits tax, EPT and EPL	256,000	163,800	163,000	4,300	5,000
Other Inland Revenue Duties	...	110	50	...	...
Total Inland Revenue	3273,000	1150,691	1157,695	38,408	45,401
Customs	1458,630	810,879	857,794	29,129	30,705
Excise	950,150	490,680	515,105	22,365	24,395
Total Customs and Excise	2408,780	1301,559	1372,899	51,494	55,100
Motor Duties	113,000	24,951	32,954	2,209	3,240
PO (Net Receipts)	4,000	...	...	...	...
Broadcast Licences	39,000	16,700	18,300	4,200	4,800
Sundry Loans	32,000	26,905	14,328	38	19
Miscellaneous	110,000	72,711	70,924	591	5,670
Total	**5979,780**	**2393,517**	**2687,100**	**96,940**	**114239**
Ord. Expenditure					
Debt Interest	640,000	319,231	353,582	4	5,792
Payments to Northern Ireland Exchequer	81,000	42,793	46,967	3,178	3,552
Other Consolidated Funds	8,000	5,297	4,595	472	495
Supply Services	4942,525	2498,731	2688,882	109508	124849
Total	**5671,525**	**2866,052**	**3094,026**	**113162**	**134688**
Sinking Funds	40,000	20,806	21,080	330	440
"Above-line" Surplus or Deficit	—	**293,341**	**428,006**	**16,552**	**20,898**
"Below-line" Net Expenditure*		388,930	286,283	37,284	27,310
Total Surplus or Deficit		**682,271**	**714,289**	**53,836**	**48,208**
Net receipts from:					
Tax Reserve Certificates		112,673	148,347	11,940	11,518
Savings Certificates		49,900	40,600	1,500	200
Defence Bonds		85,131	63,098	3,647	2,174
Premium Savings Bonds		31,170	34,490	1,320	1,850
Total		**278,874**	**286,535**	**18,407**	**15,742**

* Net receipts of the Civil Contingencies Fund £6 million in 1960–61 compared with £10 million in 1959–60.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1959					
Oct. 31	3,460·0	2,114·0	202·5	...	5,776·4
1960					
July 30	3,430·0	1,942·6	198·8	...	5,571·3
Aug. 6	3,440·0	1,878·2	206·4	...	5,524·7
" 13	3,440·0	1,870·3	195·6	...	5,505·9
" 20	3,460·0	1,933·6	277·9	...	5,671·4
" 27	3,490·0	1,955·0	188·1	0·8	5,634·0
Sept. 3	3,500·0	1,967·3	199·9	...	5,667·2
" 10	3,520·0	1,977·0	199·6	6·3	5,702·8
" 17	3,530·0	1,968·1	215·9	...	5,714·0
" 24	3,510·0	2,022·7	204·5	...	5,737·2
Oct. 1	3,490·0	2,083·1	285·8	0·3	5,959·1
" 8	3,500·0	1,642·5	203·5	0·3	5,346·3
" 15	3,520·0	1,538·5	217·2	...	5,375·7
" 22	3,570·0	1,608·8	190·1	...	5,368·9
" 29	3,600·0	1,617·2	213·1	...	5,430·3

THE MONEY MARKET

FOLLOWING the reduction in Bank rate to 5½ per cent the discount market raised its bid for 91 day paper at last Friday's tender by 1s. 1d. to £98 14s. 6d. and received 36 per cent of its application compared with 65 per cent the previous week. The fall of 4s. 8.86d. to £5 1s. 9.52d. in the average discount rate indicates that outside bidders expected a sharper reaction from the market to the Bank rate move; this is discussed in a Business Note. Friday's offer included £30 million of 63-day bills designed to smooth the January tax transfers, for which the market bid £99 2s. 1d. and obtained 90 per cent of its application; this brought its allotment for both types of paper to about 41 per cent.

In New York the rate for three months bills remained virtually unchanged at 2.127 per cent, the lowest point for two years.

Credit has again been scarce in Lombard Street over the past week. The authorities have proved willing to provide special help, sometimes in large amounts. Nevertheless on each of the first three days of the week a very small amount has been borrowed on Bank rate terms. There has been a good business in January and "hot" bills at 5⅛ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 6% 27/10/60)	5½	**Discount rates:** Bank bills:	
Deposit rates (maximum):		60 days	5 5/16–5 3/16
Banks	3½	3 months	5 5/16–5 3/16
Discount houses	3 1/2–3 3/4	4 months	5 5/16–5 3/16
		6 months	5 5/16–5 3/8
Money:		Fine trade bills:	
Day-to-Day	3 3/8–5	3 months	6–6½
		4 months	6–6½
		6 months	6½–6¾

NEW YORK

	%		%
Official discount rate: (from 3½% 11/8/60)	3	**Treasury bills:** Oct. 24	2·129
		Oct. 31	2·127

BANK OF ENGLAND RETURNS

(£ million)	Nov. 4, 1959	Oct. 26, 1960	Nov. 2, 1960
Issue Department:			
Notes in circulation	2,119·8	2,207·7	2,216·2
Notes in banking dept.	55·6	42·7	34·2
Govt. debt and securities*	2,171·0	2,247·8	2,247·7
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·3	1·5	1·5
Banking Department:			
Deposits:			
Public accounts	12·6	12·9	10·9
Special deposits	...	149·4	149·4
Bankers	269·7	261·5	263·7
Others	63·8	65·5	65·3
Total	346·1	489·3	489·3
Securities:			
Government	268·3	422·9	416·2
Discounts and advances	18·1	19·1	37·2
Other	21·1	19·1	18·8
Total	307·5	463·7	472·2
Banking department reserve	56·6	43·5	35·0
	%	%	%
"Proportion"	16·3	8·8	7·1

* Government debt is £11,015,100; capital £14,553,000. Fiduciary issue decreased by £50 million to £2,250 million on August 31st.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1959	91 day 63 day		s. d. %	
Oct. 30	220·0 50·0	461·6	67 8·53	54
1960	91 day			
July 29	250·0	408·7	110 10·96	39
Aug. 5	250·0	409·9	111 7·17	40
" 12	270·0	424·3	111 5·85	45
" 19	290·0	443·6	111 8·78	50
" 26	290·0	454·6	111 9·05	48
Sept. 2	290·0	451·7	111 9·33	49
" 9	290·0	498·1	110 2·26	61
" 16	280·0‡	417·5	110 2·14	60
" 23	270·0	456·1	109 10·25	51
" 30	290·0	478·7	111 3·65	38
Oct. 7	290·0‡	491·4	111 3·52	35
" 14	280·0	450·8	109 6·35	63
" 21	280·0	473·2	106 6·38	65
	91 day 63 day			
" 28	250·0 30·0	476·9	101 9·52	36

* On October 28th tenders for 91 day bills at £98 14s. 6d. secured 36 per cent, 63 day bills at £99 2s. 1d. secured 90% higher tenders being allotted in full. The offer for this week was for £250 million of 91 day bills and £30 million of 63 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits November 2	Market Rates: Spot October 27	October 28	October 29	October 31	November 1	November 2
United States $	2·78–2·82*	2·81 13/16–9/16	2·81 7/16–9/16	2·81 7/16–9/16	2·81 1/2–5/8	2·81 9/16–11/16	2·81 5/8–3/4
Canadian $	...	2·75–75 1/8	2·74 15/16–75 1/16	2·75 1/16–3/16	2·74 15/16–75 1/16	2·74 5/8–3/4	2·74 15/16–7/16
French Fr.	13·622–14·027	13·78 1/2–79	13·79–79 1/4	13·78 1/4–79	13·79 1/4–1/2	13·79 3/8–5/8	13·80–80 1/4
Swiss Fr.	11·94–12·54 1/8	12·11–11 1/4	12·11 3/8–5/8	12·11 5/8–7/8	12·12–12 1/4	12·12 1/4–1/2	12·12 1/2–3/4
Belgian Fr.	137·96–142·05	139·80–85	139·75–80	139·75–80	139·65–70	139·70–75	139·75–80
Dutch Gld.	10·48–10·80	10·60 1/4–3/4	10·61–61 1/4	10·61 1/4–3/4	10·61 3/8–7/8	10·62–62 1/4	10·62 1/2–3/4
W. Ger. D-Mk.	11·59 1/4–11·92 1/8	11·73–73 1/4	11·73 1/4–3/4	11·73 1/8–74	11·74 1/4–1/2	11·74 1/2–3/4	11·74 3/8–7/8
Portug. Esc.	79·00 1/4–82·00 1/2	80·25–35	80·25–35	80·25–35	80·20–30	80·20–30	80·20–30
Italian Lire	1725–1775	1745–45 1/4	1746 1/4–1/2	1746 3/4–47	1746 3/4–47	1747 1/4–1/2	1748–48 1/4
Swedish Kr.	14·27 1/2–14·70	14·51–51 1/4	14·51 1/2–3/4	14·51 3/4–52	14·52–52 1/4	14·52–52 1/4	14·52 1/2–3/4
Danish Kr.	19·06 1/2–19·62	19·36 1/2–3/4	19·36 1/2–3/4	19·36 3/4–7/8	19·36 1/4–1/2	19·36 1/4–1/2	19·36 3/4–7/8
Norwegian Kr.	19·71–20·30 1/2	20·03 3/4–7/8	20·03 3/4–7/8	20·03 3/4–04	20·03 1/4–04	20·03 1/4–04	20·03 7/8–04 1/8
	* Official Limits	**One Month Forward Rates**					
United States $		9/16–7/16c. pm	9/16–7/16c. pm	9/16–7/16c. pm	5/8–1/2c. pm	5/8–1/2c. pm	11/16–9/16c. pm
Canadian $		9/16–7/16c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	9/16–7/16c. pm
French Fr.		11/2–1c. pm	1 3/4–1 1/4c. pm	2–1 1/2c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/4c. pm
Swiss Fr.		4 1/2–3 7/8c. pm	4 1/2–4c. pm	4 5/8–4 1/4c. pm	4 5/8–4 1/4c. pm	4 5/8–4 3/8c. pm	4 3/4–4 3/8c. pm
Belgian Fr.		3–2c. pm	3c. pm–2c. dis	3c. pm–2c. dis	3c. pm–2c. dis	1c. pm–4c. dis	1c. pm–4c. dis
Dutch Gld.		3 1/4–3c. pm	3 3/8–3 1/8c. pm	3 3/8–3 1/8c. pm	3 3/8–3 1/8c. pm	3 3/8–3 1/8c. pm	4–3 3/4c. pm
W. German D-Mk.		2 1/2–2 1/4pf. pm	2 3/8–2 1/4pf. pm	3–2 3/4pf. pm	3 1/8–2 5/8pf. pm	3–2 3/4pf. pm	2 7/8–2 5/8pf. pm
		Three Months Forward Rates					
United States $		1 1/8–1c. pm	1 1/16–1 1/16c. pm	1 1/16–1 1/16c. pm	1 1/16–1 1/16c. pm	1 1/16–1 1/16c. pm	1 3/8–1 1/16c. pm
Canadian $		1 1/8–1c. pm	1 1/16–1 1/16c. pm	1 1/16–1c. pm	1 1/16–1 1/16c. pm	1 1/16–1 1/16c. pm	1 1/16–1 1/16c. pm
Swiss Fr.		9 1/8–8 7/8c. pm	9 1/8–9 1/16c. pm	9 1/4–9 1/16c. pm	9 1/4–9 1/16c. pm	10 1/16–10 1/16c. pm	10 1/16–10 1/16c. pm
W. German D-Mk.		6 1/8–6 1/8pf. pm	6 1/2–6pf. pm	6 3/4–6 1/4pf. pm	7–6 1/2pf. pm	6 7/8–6 3/4pf. pm	6 7/8–6 3/4pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		254/–	257/–	...	256/–	256/–	256/–

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

The following list shows the most recent dates on which each statistical page appeared.

BRITISH

Prices and Wages	Oct. 29th	External Trade	This week
Manpower and Output	Oct. 22nd	Industrial Profits	Oct. 15th

OVERSEAS

Western Europe	Oct. 8th	United States	Sept. 10th

	Unit	Monthly averages			1959			1960				
		1957	1958	1959	July	August	Sept.	May	June	July	August	Sept.
VALUE												
Imports:												
Total	£ million	337·0	312·3	332·5	352·9	305·2	330·1	389·7	384·1	381·4	381·4	363·3
Food, drink and tobacco	,,	123·3	124·2	126·8	128·2	106·8	121·4	125·0	121·1	124·4	117·8	123·9
Basic materials	,,	95·8	74·1	77·6	85·6	79·6	77·1	88·6	90·2	93·2	98·5	83·6
Fuels	,,	38·8	36·6	39·0	40·7	35·3	39·9	38·8	43·3	36·2	43·6	38·1
Manufactures	,,	77·9	76·1	87·8	97·0	82·4	90·5	136·2	127·8	126·3	119·7	116·7
Exports of UK produce:												
Total	,,	274·6	264·7	277·5	287·8	255·9	247·0	317·5	275·0	274·8	279·8	259·9
Manufactures—Total	,,	228·2	222·5	234·5	247·3	214·2	206·6	272·4	236·6	235·0	239·1	219·1
,, Metals	,,	39·7	36·0	37·9	39·7	34·7	38·2	42·9	37·2	37·3	34·4	35·4
,, Engineering products	,,	112·2	115·6	122·3	130·9	107·6	100·6	145·3	126·4	122·5	125·3	105·3
,, Textiles	,,	25·0	21·2	20·7	21·8	20·0	18·2	22·5	19·2	20·1	21·7	21·2
Re-exports	,,	10·8	11·8	10·9	9·3	9·3	11·2	11·8	10·3	10·9	12·9	12·8
Balance of trade (exports less imports)	,,	−51·6	−35·8	−44·1	−55·8	−40·0	−71·9	−60·4	−98·8	−95·7	−88·7	−90·6
VOLUME[1]												
Imports:												
Total	1954 = 100	114	114	122	...	119[3]	...	...	140[4]	139	139	135[3]
Food, drink and tobacco	,,	113	119	118	...	109[3]	...	...	120[4]	...	...	113[3]
Basic materials	,,	106	94	100	...	101[3]	...	...	108[4]	...	...	112[3]
Fuels	,,	114	124	143	...	144[3]	...	...	154[4]	...	...	151[3]
Manufactures	,,	130	132	152	...	153[3]	...	...	215[4]	...	...	199[3]
Exports:												
Total	,,	116	111	116	...	113[3]	...	...	124[4]	113	116	114[3]
Manufactures	,,	118	113	117	...	113[3]	...	...	128[4]	...	...	116[3]
BY AREA												
Imports:												
USA	£ million	40·1	29·2	30·9	28·2	23·8	32·4	48·1	48·4	48·4	45·1	49·5
Canada	,,	26·7	25·7	26·0	28·8	25·8	25·2	34·1	35·0	34·2	35·7	28·9
Latin America	,,	28·8	24·6	26·8	31·8	25·9	26·2	29·5	27·9	28·7	27·3	22·6
West'n. Europe—Common Market	,,	40·9	44·4	46·6	54·7	41·1	45·6	58·2	59·5	53·9	51·6	53·2
,, ,, Free Trade Association	,,	33·1	30·5	32·7	34·0	32·4	35·2	41·6	40·9	39·4	39·1	40·8
Soviet Eastern Europe	,,	9·1	8·5	9·7	12·7	12·5	11·7	8·3	11·3	11·4	14·0	13·4
Other Non-Sterling	,,	32·1	36·5	39·4	38·1	35·6	35·6	43·4	40·9	43·1	44·5	38·7
Sterling area	,,	126·0	112·8	120·4	124·6	108·1	118·2	126·5	120·2	122·3	124·1	116·2
Exports of UK produce:												
USA		20·3	22·6	30·0	31·7	29·8	29·2	36·0	21·5	21·1	22·4	23·2
Canada	,,	16·3	15·7	17·3	20·0	14·6	16·7	24·0	14·9	16·6	16·6	12·9
Latin America	,,	13·7	12·6	12·9	12·3	12·2	11·9	12·9	13·4	11·4	18·2	11·9
West'n. Europe—Common Market	,,	38·2	34·8	38·9	40·5	34·9	37·5	47·1	39·5	43·6	38·5	37·7
,, ,, Free Trade Association	,,	28·3	26·5	28·8	29·5	25·4	25·4	33·4	28·6	28·6	28·6	27·4
Soviet Eastern Europe	,,	4·7	3·8	5·1	6·2	4·4	4·7	6·8	7·3	6·6	5·6	6·2
Other Non-Sterling	,,	33·1	32·4	32·9	31·2	28·6	27·5	42·6	35·4	29·7	31·4	29·4
Sterling area	,,	119·8	116·1	111·7	116·4	106·0	93·6	114·7	114·4	117·2	118·5	111·2
TRADE IN SELECTED COMMODITIES[2]												
Imports:												
Wheat	'000 tons	377·5	376·4	356·5	407·4	307·7	277·0	394·8	309·8	419·5	336·7	326·3
Meat	,,	74·2	69·4	67·6	78·8	61·4	70·8	63·1	73·8	76·7	65·8	66·5
Sugar, unrefined	,,	235·0	219·3	202·2	193·1	145·8	288·9	236·7	182·2	260·0	139·6	156·5
Raw cotton[5]	,,	30·6	21·5	22·7	31·9	23·3	17·9	20·4	18·7	26·3	26·6	9·4
Raw wool, sheep's and lambs'[5]	mn. lb.	51·6	51·1	58·7	63·6	33·5	24·6	60·9	44·0	57·1	37·1	27·7
Rubber, natural and synthetic[5]	'000 tons	22·7	17·0	17·1	16·5	21·4	20·3	14·2	20·4	18·6	7·7	6·5
Softwood	'000 stds.	119·8	106·4	121·8	197·9	160·5	155·2	139·2	201·5	213·9	244·6	189·9
Woodpulp	'000 tons	178·2	175·4	185·7	151·4	176·2	196·9	247·4	242·3	182·2	228·4	235·7
Crude petroleum	mn. galls.	604	728	851	862	800	889	918	1,055	905	1,108	1,006
Exports of UK produce:												
Coal, including bunkers	'000 tons	686	403	343	368	310	318	517	341	426	418	489
Woven piece-goods—cotton	mn. sq. yds.	38	32	29	28	30	25	29	25	22	26	25
,, ,, ,, wool	'000 sq. yds.	9,029	7,893	8,527	9,305	8,755	7,184	7,578	6,374	7,817	8,166	7,225
Passenger cars and chassis	number	35,523	40,323	47,404	53,561	38,147	38,513	70,273	46,241	44,817	41,024	29,795
Commercial vehicles and chassis	,,	10,216	9,303	10,622	11,903	8,795	8,508	13,360	11,910	12,092	12,292	9,180
Agricultural tractors	,,	9,411	8,709	9,475	9,657	9,045	8,648	11,730	12,635	11,081	10,964	12,274
Machinery—electrical	£'000	5,612	5,818	5,720	6,097	5,303	4,514	5,690	4,970	4,914	4,957	4,270
,, other	,,	42,211	42,773	47,195	49,456	45,442	39,589	56,774	48,098	50,608	49,320	44,217
Chemicals, elements and compounds	,,	5,219	5,027	5,861	6,409	6,026	5,321	7,502	6,448	5,996	6,118	6,699

(1) In 1959 indices for total imports and exports, but not for the commodity classes, are adjusted to include trade with the Channel Islands. (2) 1957 figures in *italics* exclude trade with the Channel Islands. (3) Average for third quarter. (4) Average for second quarter. (5) Retained imports.

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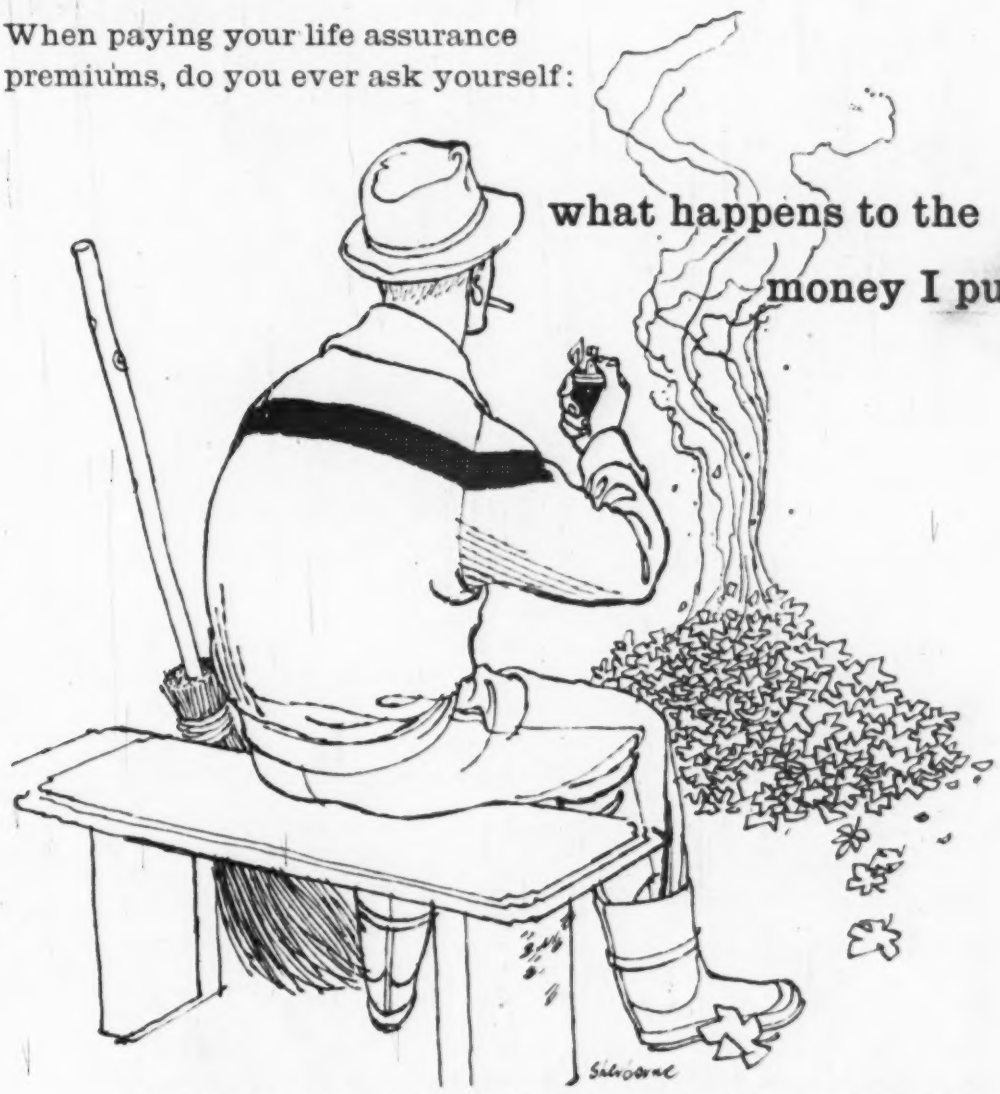

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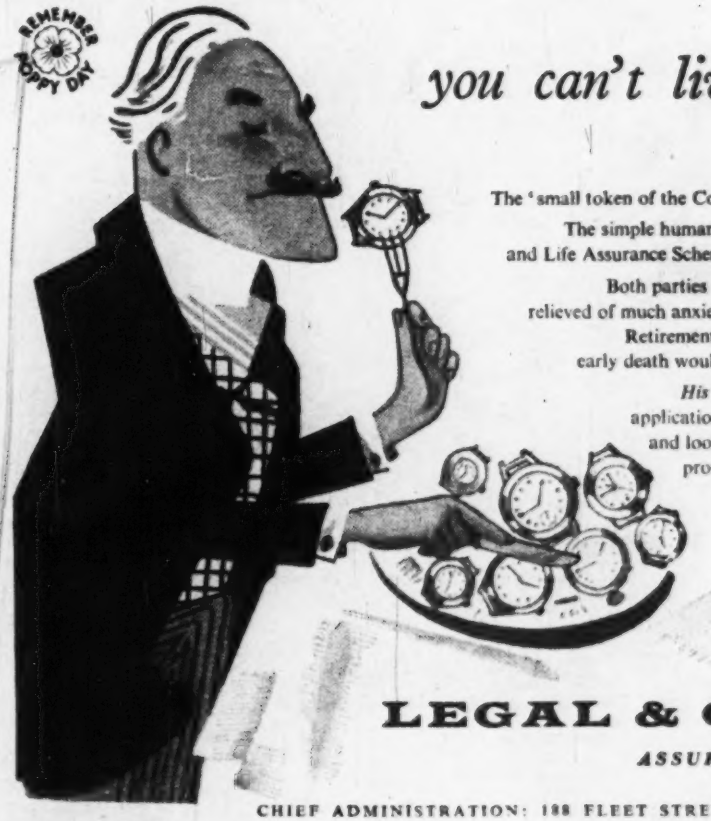

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The scholarships are tenable for an initial period of two years and may be extended for a third year. Scholars are expected to enrol for a Ph.D. degree.

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Application forms and further information may be obtained from the undersigned,** to whom applications should be submitted, or from the Secretary, the Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1. The University regularly considers applications in June and November, but special consideration may be given to applications at other times. Scholarships may be taken up at any time after award, including vacation periods.

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For further appointments and other classified advertisements see pages 614 and 615

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ECONOMIST required, as soon as possible, for minimum 6 months, preferably longer, to join team, working mainly in Stockholm, in final stage of study of underdeveloped region. First responsibility to shape statistical material, partly assembled. Opportunity to share in planning and preparation of book (in English) with full credit for contribution. High salary for right person with at least five years' research experience. Apply to Box 1403 for further particulars.

JOHN HOLT & COMPANY (LIVERPOOL) LTD. require an Accountant for West Africa to take complete charge of the accounts of a subsidiary Company engaged on stevedoring, steamer agency work and river transport operations on the Niger and Benue rivers. Applicants must be under 40 years of age and have had executive accounting experience preferably in transport and shipping undertakings.

The commencing salary will be between £1,500 and £1,800 per annum according to qualifications and experience; there would be good prospects within the group for the right man.

Attractive conditions include kit allowance, contributory pension scheme, free furnished accommodation whilst in Africa and free passages. Tours of 18 months followed by 3½ months' leave on full pay.

Applications stating age, experience and qualifications should be addressed to the Staff Manager, John Holt Overseas Ltd., 250 India Buildings, Liverpool 2.

THE HOSIERY AND ALLIED TRADES RESEARCH ASSOCIATION

Applications are invited for the position of ASSISTANT to the DIRECTOR of RESEARCH. Applicants should be of graduate status.

The work will involve the preparation of reports and publications, literature surveys, attendance at technical committee meetings and the handling of matters of a confidential nature.

A knowledge of textiles is not essential but applicants will be required to deal with scientific and technical subjects related to the Hosiery Industry.

Applications should be marked "Confidential" and addressed to the Director of Research, Thorneywood, 7 Gregory Boulevard, Nottingham.

For other appointments see page 613

HEAD OF RECRUITMENT

A major company is looking for a man to be its new Head of Recruitment at its Head Office in London. This is an unexpected vacancy, and candidates will be considered alongside men from within the company.

The Head of Recruitment will be responsible for advising on recruitment policies and methods throughout the company and will have particular personal responsibility for undertaking the preliminary stages of recruitment into middle and junior management positions in Head Office. He will also supervise a small section which deals with the selection of clerical and female office staff in Head Office.

The successful man will be between 27 and 35, will probably be a graduate, and will have the ability and standing to work closely both with the company's senior management, and with outside sources of recruitment such as the universities. He should be interested in personnel work and be able to contribute sound ideas on such problems as career development, but he will not necessarily have been in a personnel department. He will probably already be holding a position of some responsibility.

The company competes in a highly technical industry. It employs 14,000 men and women and believes in promotion to the highest positions from its own ranks. This is therefore an important and responsible position, and, to the right man, could provide prospects of considerable advancement.

Pension, sickness and other benefit schemes are in operation.

Apply in writing to Box A.C. 22845, Samson Clark and Co. Ltd., 15-17 Marylebone Road, London, N.W.1.

IMPERIAL CHEMICAL INDUSTRIES LTD.
DYESTUFFS DIVISION

have vacancies in their

WORK STUDY DEPARTMENTS

at Division Headquarters, Blackley, Manchester, and at their factories there and in Huddersfield, Billingham and Wilton.

The posts would be of interest to young men
(a) who are qualified in Science or Engineering;
(b) who hold a degree in Arts, Economics, Commerce or Industrial Administration, preferably with mathematics to subsidiary or degree standard;
(c) with experience in Work Study.

The posts carry progressive salaries with good opportunities for promotion. The Company has a Pension Fund and an Employees' Profit Sharing Scheme. A five-day week is in operation.

Application forms may be obtained from the:

Staff Department,
Hexagon House, Blackley, Manchester 9.

MARKET RESEARCH. British Nylon Spinners Ltd. have a further vacancy for a graduate economist for duties in the Company's Knightsbridge Offices. The successful candidate will join a team whose primary function is to forecast product demand, and which therefore undertakes detailed studies of the numerous constituent factors. Original thought is encouraged both as a matter of policy and by the nature of the work, which is varied and inherently interesting. The post carries an attractive starting salary and offers good prospects. Candidates should be 35 or under, and must have a good honours degree in economics or commerce. Relevant industrial experience would be an advantage. Applications should give concise but full personal history and should be addressed to the Personnel Manager at Pontypool, Mon., quoting ref. MR/X.

INFORMATION LIBRARIAN

required for the headquarters of an expanding group of Companies.

A female graduate in the 24-30 age group with information service/information library experience is required to set up and run an information service for Management as part of the Group Development Team. The post carries an excellent salary and offers good prospects.

Applications stating age, education and experience should be sent to

The Chief Personnel Officer,
The De La Rue Company Limited,
Bunhill House, Berkeley Square, London, W.1.

SOCIAL MEDICINE RESEARCH UNIT of the MEDICAL RESEARCH COUNCIL requires an additional STATISTICIAN for work on medical, social and biological problems. A good degree in statistics or mathematics is necessary. Salary from a point in the range £850 — £1,900 p.a., according to experience and qualifications. Superannuation. Good long-term prospects. Applications should be addressed to The Director, Social Medicine Research Unit, London Hospital Research Laboratories, Ashfield Street, London, E.1.

ECONOMIST

A large and expanding Group, with headquarters close to West London, has a vacancy for an Economist (30-40) with first class academic qualifications, previous commercial experience and a sound knowledge of statistics. The work involves the economic aspects of long-term forecasts and the provision of economic intelligence of operations at home and abroad.

A commencing salary of £2,500 — £3,000 per annum is envisaged. First class conditions of service, including generous pension benefits and profit participation.

Apply, giving full details of age, qualifications and experience, and quoting reference ECO 100, to Box 1404.

UNIVERSITY COLLEGE OF THE WEST INDIES

Applications are invited for the CHAIR OF ECONOMICS. Salary (under review): £2,500 p.a. Entertainment allowance £200 p.a. F.S.S.U. Child allowance. Unfurnished accommodation at rental not in excess of 10 per cent. of basic salary. Passages for up to five persons on appointment, normal termination and study leave (once every three years). Duties to be assumed by October 1, 1961. Detailed applications (8 copies) naming 3 referees by November 30, 1960, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

OXFORD UNIVERSITY

DEPARTMENT OF SOCIAL AND ADMINISTRATIVE STUDIES

It is proposed to appoint a

TUTOR IN SOCIAL WORK

to supervise the professional training of intending child care officers, the appointment to begin on April 1, 1961. Candidates should have a suitable academic background, high qualifications in social casework, and experience in relevant social services; stipend on scale £1,050 x £50 — £1,400 x £75 — £1,850, with superannuation.

Applications, with names of three referees and an account of the applicant's qualifications, should be sent by December 31, to the Secretary, Barnett House, Wellington Square, Oxford, from whom further particulars can be obtained.

YORKSHIRE ELECTRICITY BOARD

ELECTRONIC DATA PROCESSING

Applications are invited for superannuable appointments to the staff of the Chief Accountant to establish and operate in Leeds a large centralised electronic data processing system employing an English Electric KDP.10 computer with associated equipment.

The appointments are:

(1) Assistant Chief Accountant (N.J.M. Grade C.7—£2,595/£2,815).
(2) Assistant Accountant (Planning) (N.J.M. Grade C.4—£1,965/£2,170).
(3) Assistant Accountant (Operation) (N.J.M. Grade C.3—£1,765/£1,965).

The duties of post (1) will be to take charge of the complete project, covering both planning and operation and applicants should have had considerable experience of large-scale administrative reorganisation. Possession of a recognised accountancy or academic qualification and experience of electronic data processing will be advantageous.

The duties of post (2) will be to supervise the systems analysis and programming work and to organise the takeover of work from existing punched-card systems to the computer system. The duties of post (3) will be to operate the system including computer, magnetic tape stations, off-line equipment, punched-card machinery and administrative arrangements. Applicants should have had sound mathematical, accountancy or other related experience but a knowledge of computer techniques is not essential, as appropriate training will be given.

Applications quoting E5 should include the names of two referees and be sent to the Secretary, Yorkshire Electricity Board, Wetherby Road, Scarcroft, Leeds, to reach him not later than fourteen days after the appearance of this advert.

RESEARCH ASSISTANTS required by the BOARD OF TRADE Offices in BIRMINGHAM, CARDIFF AND POSSIBLY LEEDS. Duties include collection and presentation of data, assistance in preparation of reports and memoranda dealing with population, distribution, trade, industry, communications, services and natural resources. Qualifications: at least Second Class Honours degree or equivalent in economics, statistics, or kindred subjects. Background knowledge and experience advantageous. These are temporary appointments (i.e. not established posts) and will carry F.S.S.U. benefits. Men's salary range £625 — £1,129; women slightly less. There is an addition for service in London. Starting pay will be according to age and experience. Write giving age, qualifications and experience to Manager (P.E. 3229), Ministry of Labour (City of London Employment Exchange), Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Only those persons selected for interview will be advised of result.

ECONOMICS GRADUATES

Applications are invited from Economics Graduates, preferably with two years or more experience and with a reading knowledge of French and/or German, for a position of

ASSISTANT

in the

COMMERCIAL INTELLIGENCE

and

MARKET RESEARCH DEPARTMENT

The work calls for initiative in seeking information and preparing concise reports on the various problems relating to steel sheet and tinplate supply and demand in the Home and Overseas markets.

The Department is located near Piccadilly. Pleasant working conditions. Contributory Pension Scheme. Good prospects.

Applications should be addressed to:

Market Research Manager,

THE STEEL COMPANY OF WALES LIMITED,

Margam House, 26/27 St. James's Square, S.W.1.

UNIVERSITY OF SYDNEY

LECTURESHIP IN GOVERNMENT AND PUBLIC ADMINISTRATION

Applications are invited for the above-mentioned position. Some preference may be given to applicants in the fields of International Relations, Comparative Government, or Modern Political Theory, but not to the exclusion of other good applicants.

The salary for a Lecturer is within the range £A1,730 x £105 — £2,435 per annum, plus cost of living adjustments at present £A13 p.a.) and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on *16th December, 1960.*

AUSTRALIA

THE UNIVERSITY OF NEW SOUTH WALES LECTURERS IN ECONOMICS.

The University invites applications for appointment to two positions of Lecturer in the School of Economics at Kensington. Salary: £A1,743 range £A2,448 per annum.

Commencing salary according to qualifications and experience. Applicants must possess a degree with honours or possess equivalent qualifications.

Applicants are sought with special qualifications and experience in one or more of the following fields: value theory, welfare economics, economic institutions, income and employment theory, theory of growth, econometrics and/or statistics. Appointees will be eligible for 12 months' study leave on full salary after six years of service.

Subject to passing a medical examination the appointee will be eligible to contribute to the State Superannuation Fund. First class ship fares to Sydney of appointee and family will be paid.

Four copies of applications should be lodged, together with the names of two referees, with the Agent General for New South Wales, 56-57 Strand, London, W.C.2, and a copy forwarded by Air Mail to the Bursar, Box 1, Post Office, Kensington, New South Wales, Australia, before December 9, 1960.

WELSH COLLEGE OF ADVANCED TECHNOLOGY

CATHAYS PARK, CARDIFF.

Applications are invited for the following posts.

Department of English and Liberal Studies

LECTURER in Liberal Studies. Applicants should be Honours Graduates of a British University with appropriate teaching experience and with organising ability.

The person appointed will be required to assist the development of the Department's work in Liberal Studies for students of Technology. The ability to teach Communication for Management would be an added qualification.

Salary: £1,370 x £35 — £1,550 per annum, with placing upon the scale dependent upon experience.

Department of Commerce and Administration

ASSISTANT LECTURER, Grade B, in Economics and Economic Statistics. Duties to commence as soon as possible. Applicants should hold an appropriate Honours Degree in Economics, and should be willing to help in research projects of a statistical nature currently being carried out in the Department.

Salary: £700 x £27 10s. — £1,150 per annum with appropriate training and graduate allowances.

Further Particulars and Forms of Application (to be returned by November 25) can be obtained from the Registrar, Welsh College of Advanced Technology, Cathays Park, Cardiff.

Robert E. Prosswood,
Clerk to the Governors.

City Hall, Cardiff.

For other appointments see page 613

UNIVERSITY OF DURHAM

KING'S COLLEGE, NEWCASTLE UPON TYNE, 1

Applications are invited from graduates with Honours in Geography/Economics for a Development Commission Research Studentship tenable for three years in the Department of Geography for work on Rural Problems in North-East England. The value of the award will be equivalent to that of a State Studentship and the holder will normally be expected to read for a Higher Degree. Applications to the undersigned as soon as possible.

G. R. HANSON,
Registrar of King's College.

APPOINTMENT REQUIRED

COLOMBIA British professional man, resident Bogota, is visiting England, France, etc., beginning December; would undertake commissions, inquiries, etc.—Write Box 1495.

BUSINESS AND PERSONAL

THE COMMITTEE OF LONDON CLEARING BANKERS. Notice is hereby given that the MAXIMUM RATE of INTEREST allowed by the under-mentioned London Clearing Banks on deposits, which must be lodged for a minimum period of 7 days and be subject to a minimum notice of withdrawal of 7 days will be THREE AND ONE HALF per cent per annum until further notice.

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NATIONAL PROVINCIAL BANK LIMITED.
WESTMINSTER BANK LIMITED.
WILLIAMS DEACON'S BANK LIMITED.

M. C. SWIFT,
Assistant Secretary.

10 Lombard Street, London, E.C.3. 27th October, 1960.

A.I.A. GALLERY, 19 Lisle Street, W.C.2. "STARTING A COLLECTION." 11-8 p.m. Sats. 11-4 p.m.

THE CHARTERED INSTITUTE OF SECRETARIES

Employers requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute (Dept. E), 14 New Bridge Street, London, E.C.4.

ECONOMICS and Logic Coaching: G.C.E. "O" and "A" levels: 15s. per hour; W.C.1.—Box 1492.

"Which?"

The November issue reports impartially on
pet foods
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DOMINION OF CANADA THREE-AND-A-QUARTER PER CENT REGISTERED STOCK, 1958-1963.

For the purpose of preparing the Interest Warrants due January 2, 1961, the BALANCES will be STRUCK at the close of business on December 1, 1960, after which date the Stock will be transferred ex-dividend.

For the Bank of Montreal, Financial Agents of the Government of Canada, in London.

E. A. ROYCE, Manager.

47 Threadneedle Street, E.C.2.
November 1, 1960.

SIT IN COMFORT while screening your colour slides. See the new Zeiss Ikonta projector, price £54 3s., complete with remote control.—Wallace Heaton Ltd., photographic specialists, 127 New Bond Street, London, W.1.

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reports factually and impartially on the goods you may want to buy, based on independent tests.

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"WHICH?"

For details about "Which?" as a Christmas gift, write to Consumers' Association,

Box C, 333 High Holborn, W.C.1.

SECOND-HAND BOOKS. The Economists' Bookshop, 11-12 Clement's Inn Passage, London, W.C.2, invites you to submit lists of books on Economics, History and Social Sciences, you may wish to sell (*periodicals excluded*).

EDUCATION AND COURSES

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write to-day for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (Q9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

SECRETARIAL TRAINING, especially for university graduates and older students, six-month and intensive 14-week courses.—Write Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARk 4654.

SUCCESSFUL TUITION FOR THE B.SC.ECON. DEGREE

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.Econ. (three if entrance is included) at moderate fees. 1,339 Wolsey Hall students passed London Univ. B.Sc.Econ. exams 1950-59. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, DEPT. P.98, WOLSEY HALL, OXFORD.

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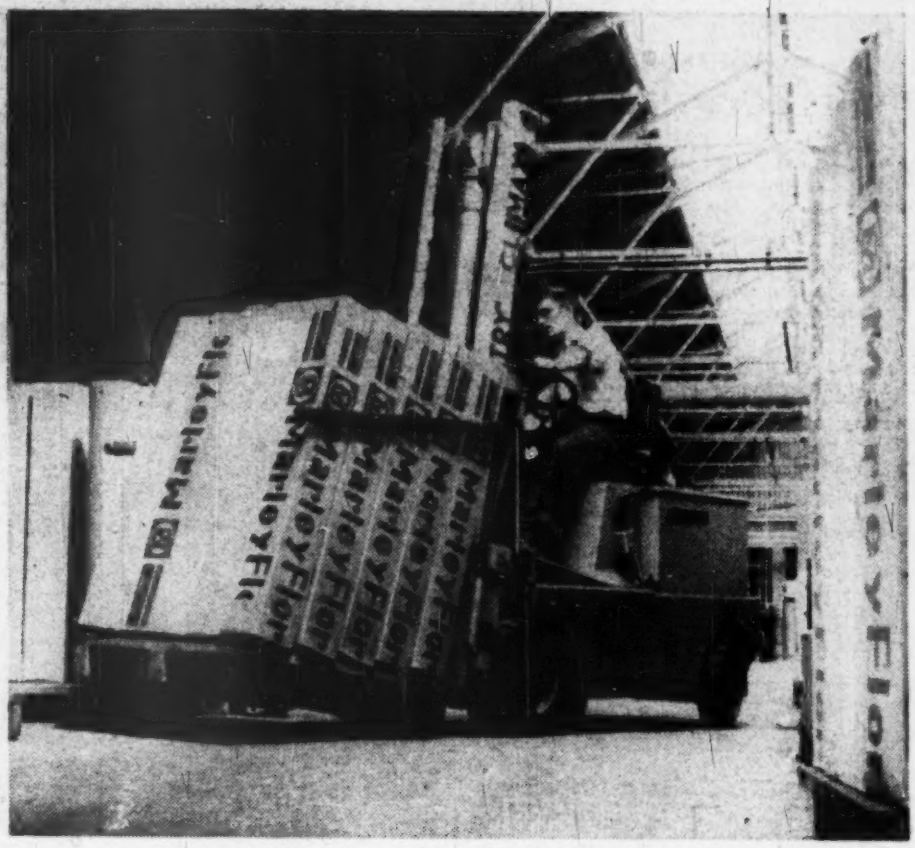
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